1.02

434143

try's merchant marine.

Anglo-Irish difficulties

Tom King indicated. Page 20

and he was confident that oil prices would remain stable,

without repeating their sharp fall in 1986.

Signs of conciliation emerged from West Germany and Britain after a two-day meeting of EC foreign ministers which, how-ever, produced no break-through on deadlocked budget and farm issues. Page 2

Europeans feel warmly towards

Japan to lift curbs

China seeks investors

General Secretary Zhao Ziyang,

China's Communist Party

leader, urged top Western capi-talists to invest - and even buy land - in a special economic

zone being created on China's southern Hainan Island.

The US and the Soviet Union

clashed sharply over negotia-

tions to eliminate chemical weapons at the annual UN Con-

ference on Disarmamaent in

Four East German dissidents were released from prison, given exit visas and sent to

West Germany amid signs that all the recently arrested dissi-

dents would be freed by the weekend. Leadership faces ris-

Israelis close schools

Israel closed schools and uni-

youths at home and prevent anti-larseli riots. Mubarak dis-

Gunmen chased and shot dead a Frenchman, reported by militia sources to be a secret agent, in Christian east Belrut. Page 4

About 3,000 people were evacu-

ated and 34 were taken to hos-

derailment north-east of

Yeltsin speech denied

Soviet evacuation

EC budget deal

Backing for CAP

farm products. Page 4

US-Soviet clash

Dissidents freed

ing challenge, Page 20 ·

mayed, Page 20

Beirut killing

FINANCIALTIMES

Wednesday February 3 1988

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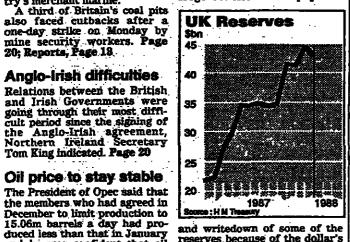
World News. **Business Summary**

Nurses and Two top financiers seamen quit First on strike in Britain Boston

London nurses began a national campaign of 24-hour strikes protesting over low pay and blaming the Conservative Gov-ernment for shortcomings in the free state National Health FIRST BOSTON, blue-chip Wall Street investment com-pany, suffered a wounding blow with the resignation of two star corporate financiers who generated 65 per cent of the company's business last year. Page 20 The protest began hours after British seamen brought many of the country's ferry services to a halt with a one-day strike over a rundown in the country's respectively.

UK FOREIGN currency and gold reserves fell \$1.2bn to \$43.1bn last month after a large official debt repayment

No. 30,454



and writedown of some of the reserves because of the dollar's sharp fall. Page 13

WALL STREET: The Dow Jones industrial average closed up 8:29 at 1,952.92. Page 46

TOKYO: Profit-taking gathered pace as Wall Street's overnight decline tipped the Nikkei aver-age lower for the first time in five sessions. It closed down 60.11 at 23,672.21. Page 46

LONDON: UK bonds moved up in line with the US bond mar-ket, but equites were subdued following Monday's rise in UK bank base rates. The FT-SE 100 index closed 2.5 lower at 1,774.2 Page 42

farmers and support the Common Agricultural Policy, according to a new poll Page 2 **DOLLAR** closed in New York at DM1.6830, FFr5.6770, SFr1.3740, Y12825. It closed in Japan yesterday accepted a rul- London st DM1.6815 ing by a Gatt disputes panel (DM1.6915); FFr5.6750 that it should lift import (FFr5.7025); SFr1.3720 Y128.15 restrictions on 10 categories of

(FFr5.7025); S (SFr1.3815); (Y129.35). Page 35 STRPLING closed in New York at \$1.7690. It closed in London at \$1.7700 (\$1.7585); DM2.9750 (DM2.9750); FFr10.0450 (FFr10.0275); SFr2.4275 (SFr2.43); Y226.75 (Y227.50).

TRADING in Ferruzzi and Montedison, Italian agri-industrial and chemical companies respectively, was suspended after their shares went into a free fall on the Milan stock exchange in reaction to reorganisation plans announced by Raul Gardini, Ferruzzi chair-

man. Page 21; Lex, Page 20 GRAND METROPOLITAN. UK drinks and hotel group, is sell-ing around 700 tenanted public houses, about 12 per cent of its licensed outlets, for an esti-mated £130m (\$229m). Page

21; Lex, Page 20 SPAIN'S trade deficit grew to \$11.4bn from \$7.8bn last year, with the current account balance showing a \$1.2bn surplus against an almost \$5bn surplus

in 1986. Page 2 series closed schools and universities in the occupied West ARGENTINE Central Bank Bank in an effort to keep more officials are in Washington to than 100,000 Palestinian negotiate the unblocking of the youths at home and prevent third \$225m tranche of an IMF standby loan. Page 4

TURKEY has reached agreement with Algeria for the import of 40m cubic metres of liquefied natural gas over 20 years starting in 1992, Page 6

PARMERS GROUP, US insurer facing a \$4.2bn bid from BAT Industries of the UK, said it expected to show a 15.5 per t increase in earnings for 1987. Page 21

pital after they showed signs of WESTERN governments' and poisoning from the spill of a multilaxeral institutions' offi-highly toxic chemical in a train cial development assistance to cial development assistance to developing countries rose by \$5.8bn to \$54.8bn in 1986.

CARIBBEAN Economic Com-The Soviet Union has con-munity has delayed for the sec-demned as fabrication a speech out time the launch of a published in a French newspaper attributed to ousted Krembecause of difficulty in obtain-lin reformer Boris Yeltsin, ing financial backing Page 6

SEC fears investors may not return following crash

THE SECURITIES and happened occasionally.
Exchange Commission, the supervisory body which oversees the US securities industry, lay behind the SEC's proposal yesterday expressed concern to look for alternatives to what about financial market volatilit otherwise regarded as valuabout mancial market volation ity, the impact of futures-reable hedging strategies such as lated trading strategies such as stock index arbitrage. Its sugportfolio insurance and the performance of some stock of a specialist for trading indicate the property of the prope exchange specialists.

exchange specialists.

ces, physical, rather than cash, in its eagerly awaited report settlement of index products on the share price collapse last october, the SEC's market regularity of index futures and options.

velocity of futures-related trading and resultant increases in
stock market volatility can
have long-term, profound impacts on the participation of financial requirement imposed

and antitylor verseting the securities markets. He said that such a move could lead to the false impression that that the financial requirement imposed in with support whenever a individual investors in the state on specialists to reflect today's securities firm was in diffistock market," the report said.
It added that the SEC was not hopeful that investors would participate in the market in the future even if the kind of volafuture even if the kind of volafuture even in late October only in with support whenever a market in the staff (of the SEC) has identified substantial limitations in the exchanges' present system of specialist surveillance," the collected for monitoring market abuses. "Such an action by the property serve and the support whenever a market in with support whenever a construction of securities firm was in difficulty.

Attacks on Wall Street contrated on the role of gramme trading, although that a much increased level of the was also against the idea gramme trading, although that a much increased level of the was little understant and the collected for monitoring market abuses." Such an action by the

In its eagerly awaited report on the share price collapse last October, the SEC's market regulation division concluded that It rejected limits on price involving the use of futures as suggested in the report published in January by the Presidential task force set water not the sole cause of the market break. However, the existence of futures on stock indices and the use of various strategies involving computerised programme trading had been a significant factor in accelerating and exacerbating.

These speeches emphasised in its eagerly awaited report on the share price collapse last of index futures and options.

It rejected limits on price of price of price index futures as suggested in the report published in January by the Presidential task force set waiting to happen." Immediately before the crash, share prices had risen to levels which stretched to incredulity expectations of rising real earnings."

Mr Greenspan came out firmly who led the Presidential task force on the crash, was congratulated in a series of lengthy set piece speeches by each member of the committee, on the Hercular in productions of the committee, on the Hercular in the fed should have over-ing a detailed report in only 60 days.

These speeches emphasised

tlement, the SEC said exchanges should accelerate efforts to increase the efficiency of automated settlements systems and clearing agencies should consider improvements to their risk management systems to decrease the chances of default. The SEC's report was published as the first of four days of hearings by the Senate Banking Committee got underway yesterday.

Mr Alan Greenspan, chairman of the Federal Reserve Board, told the hearing that October's mission will be asked to do the

These speeches emphasised

the need to restore confidence in individual investors and make changes to ensure their interests were properly served.
Attacks on Wall Street concentrated on the role of prosenators acknowledged that there was little understanding among politicians of the com-

man of President Ronald Rea-

gan's Council of Economic Advisers, has hinted that he

favours such a move by the US Central Bank.

was said to have been at a

In contrast to bond prices, shares reacted negatively at

first to the news on prime rate

and the economic indicators

with the Dow Jones Industrial

Average falling as much as 24 points in the first few hours of

trading. In the early afternoon however, the stockmarket had

healthy level.

The rising rebellion of East Germany's

youth, Page 20

Plain speaking: Mr Kohl and Mrs Thatcher yesterday sought to dispel the impression of cool relations

Thatcher, Kohl seek to resolve **EC** differences

BY ROBERT MAUTHNER, DIPLOMATIC

MRS MARGARET Thatcher, the but there was good will," she British Prime Minister and Mr said. Helmut Kohl, the West German

Both leaders strove to dispel impressions that they were farmers prices would be cut.
resigned to a failure of the Britain insists that such Brussels meeting and to a postponement of fundamental dis-cussion on reducing agricultural spending until the next Euro-summit in Hanover in June. Mr Kohl, after a brief visit to London during which he had less than two hours of talks

with Mrs Thatcher, stressed that postponing the day of reckoning would only make the problems under discussion even more difficult to solve. The Chancellor will be in the stance. chair at the Brussels summit The and, over the next few days, will contact other EC leaders to

Central Bank.

However, there appear to be divisions at the Fed about the wisdom of an early easing of policy at a time when the evidence that such a move is needed is inconclusive, and the see whether a compromise can risk remains that it could trig-ger new problems for the dollar er new problems for the dollar its partners.

The leaders conceded that their talks had not solved sublooking for the dollar its partners.

The Prime Minister stressed, their talks had not solved sublooking for the dollar its partners. on the foreign exchanges. took comfort from favourable stantial disagreements over the looking for "additional early reports about the outcome of the first day of the Trea Community's farm surpluses, sury's quarterly bond auction, in which Japanese participation

relations were cool. Such reports had left him same. shaking his head," said Mr Mrs "shaking his head," said Mr Mrs Thatcher paid a ringing Kohl, who referred to the Prime tribute to Mr Kohl's staunch Minister simply as "Margaret"

would be putting it a bit high, Signs of conciliation, Page 2

Mrs Thatcher reaffirmed that Chancellor, promised yesterday to do their best to reach agreement on farm policy reforms – the system of so-called "stabi-despite persistent conflicts – at the EC summit in Brussels next oils and proteins. These would set a production ceiling which if broken, would mean that

scheme must be an essential element of any farm policy financing deal and that the latest German proposals on the sub-

The Prime Minister appeared to hint at a possible future conwhich Britain receives from the Community under the 1984 Fonbtainebleau deal, although she immediately made clear the concession was not one of sub-

The British Government would insist on the continua-tion of the rebate as long as an agreement on new Community be reached between Britain and budgetary resources had not

been reached.
The Prime Minister stressed. methods to bring down the from a proposed new GNPbased resource system, which but they went out of their way to dispel the widespread be subsumed in the new system impression that their personal as long as the overall financial effect on Britain remained the

support for Nato, although the throughout their joint press two leaders did not have time conference and even mentioned for a thorough discussion of

conference and even mentioned to a Indrough discussion of the first through notice ably less effusive, said the meeting had been "altogether very satisfactory and very constructive" in spite of the plain speaking. "Charming? That the receding the provided to the french and British nuclear determination of the french and british french and British nuclear determination of the french and the french an

US banks cut prime rate to 8½%

BY ANATOLE KALETSKY IN NEW YORK AND STEWART FLEMING IN WASHINGTON

US BANKS cut their prime announced early in the day interest rate yesterday to 8½
per cent from 8½ per cent, as
the Commerce Department published statistics which pointed
to a modest deterioration in the corporate customers, came as no surprise after the sharp declines in market interest rates since mid-January.

However, it helped to set the stage for a strong advance in the US bond market, where the the US bond market, where the Treasury's benchmark 30-year bond gained 1½ points by early afternoon. The powerful bond market rally which began with the stabilisation of the dollar early in January has now brought US long-term interest rates down to 8.3 per cent, their lowest since April last year.

Rather than the lower prime rates, however, the bond mar-ket seemed to be taking its one from the 0.2 per cent decline in the index of leading indicators and the sharp fall in sales of single family houses which the

BY TIM DICKSON IN BRUSSELS

The fall in the index of leading indicators for the third consecutive month, led to fears lished statistics which pointed to a modest deterioration in the prospects for economic growth.

The prime rate cut, the first reduction since early November in this key rate, which acts as a benchmark for bank lending to corporate customers, came as no surprise contact of the third consecutive month, led to fears that the US economy could face a serious slowdown this year.

Sales of single family houses, which fell by 6.2 per cent in Povember, and are now running some 21 per cent below leading to the third consecutive month, led to fears that the US economy could face a serious slowdown this year.

Sales of single family houses, which fell by 6.2 per cent in November, and are now running some 21 per cent below leading to compare the consecutive month, led to fears that the US economy could face a serious slowdown this year. levels recorded a year ago, will also be seen as evidence of accumulating economic weak-

> In the past, a US recession has invariably been preceded by at least three consecutive falls in the leading index. However, on four occasions the index has fallen three months without being followed by

recession.

The three monthly declines in the index at the end of last year were each very slight, however, and in October and November, the level of the index was influenced heavily by the plunge in share prices on Wall Street. Moreover, other measures of economic activity, including a rise of just over 4 per cent in real gross national product in the second half of last year, Department have been quite strong and

Belgium blocks bid

MR CARLO De Benedetti, the behalf of Mr De Benedetti by

Italian businessman aiming to representative of Cerus, the win effective control of Societé Paris-based financial holding Générale de Belgique, reacted company which already owns bitterly last night to the Bel- 18.6 per cent of the target com-

gian Banking Commission's surpany's shares.

prise decision to delay his partial offer for the company which had already indicated a statement from the Bank-that Mr De Benedetti wanted to buy a further 15 per cent of the shares, did not spell out the

appointed body which dis-shares, did not spell out the nature of the information being

activity, said that it could not make "a definitive pronounce-ment at the moment" on the Générale shares in the market walidity of Mr De Benedetti's in the lead up to the first bid harmage of the leaf

vandity of Mr De Benedetti's in the lead up to the first announcement of the offer tainty surrounding an issue of more than two weeks ago.

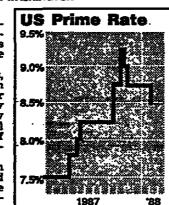
The legal uncertainty cited in board and because it requires the Banking Commission's more information from the De statement relates to the plan by Banadatti side. A problem of the Sanifet Continue hand

Benedetti side. A spokesman the Société Générale board to added that if this information issue up to 12m new shares so was not provided the offer as to dilute Mr De Benedetti's would be blocked for the next stake.

three months.

Last night's development provides important breathing space for Société Générale, and voting rights in the new shares suspended. However, in the Belgium economy and whose fate has aroused widespread political concern. But it was anguly condemned on autoeal.

for La Générale



doubt that a recession lies

The fall in the leading index is likely to be cited as evidence to support economists who argue that the Federal Reserve Board should ease monetary policy and encourage short-term interest rates to decline to try to offset the anticipated economic weakness.

Dr Beryl Sprinkel, the chair-

US warns

The stand taken by the US

The "Camberley Group" of donor countries (which first met at the UK town of Camberley) is to meet in Helsinki at the beginning of next week to plot tactics in their struggle to force bud-

FAO on budget

By John Wyles in Rome THE US signalled yesterday that it would only help the United Nations's Food and Agriculture Organisation (FAO) avoid the impending crisis in its funding if member countries adopted fun-damental reforms in the organisation's budgetary

at a meeting between per-manent representatives of the 158 FAO member countries and Mr Eduardo Saouma, the organisation's director general, promises a bitter war in coming months between some of the lead-ing donor countries and Third World governments strongly allied with Mr

getary reform.
The group, which includes
Continued on Page 20



ining again **TO PARIS** FROM THE HEART OF LONDON.

London's newest airport is once again operating its London to

London City Airport provides the base for an exclusive partnership. Brymon Airways, the world's most experienced operator of De Havilland Dash 7 aircraft and Air France, offering the efficiency and convenience of Terminal 2 at Charles de Gaulle Airport. The service is called Cityclass and we'll be operating six flights

to Paris every weekday and two

Cityclass completes the picture

for Air France, as we're now the

only airline to operate out of all

at the weekend.

four London airports.

Europe	2,8
Companies	
America	6
Companies	9 1
Overseas	
Companies	
World Trade	
Britain12	15
Companies 26	28

dal Future

TURKEY MAKES UP FOR LOST TIME

from a Swiss mountain ...

Technology: AT&T finds the solution that dissolves the ozone problem

Efficacial comment: Test case for privatisation: Reconciliation in Davos Britain's electricity industry: Making a

AIR FRANCE III

CITYCLASS DEPARTURE TIMES

	шу жироп
0800 Mon-fri	0800 Mon-Sot
0900 Mon-Sat	1100 Mon-Fri
1200 Mon-Fri	1200 Mon-fri
1600 Mon-fri	1500 Mon-Fri
1700 Mon-fri	1900 Mon-Fri
2000 Mon-Fri	2000 Mon-Fri
1800 Sun	1700 Sun

For cirect lights from Landon City Airport to Charles de Gaulle Terminal 2, cal Air France on 01-499 9511, or Brymon Airways on Linkine (0345) 717383.

was angrily condemned on appeal.

three months.

The Société Générale tactic

Turgut Ozal, Turkey's Prime Minister, has unleashed a dynamic commercial impulse, Page 19

World Economic Forum: A cloudy view India: Assam's patience with Delhi grows

UK science: Looking for a marriage of

difficult sale Lex: Prime rates; building societies; Ferruzzi/Montedison; NFC; GrandMet ...

Spanish

balance of

payments

SPAIN'S trade and current account balances deteriorated

sharply last year and a worry-ing drift towards balance of payments problems later this

year was scarcely offset by

year was scarcely offset by vastly increased capital inflows during 1987 which have raised gold and foreign currency reserves to record heights.

Figures released by the Bank of Spain showed that the trade deficit had grown to \$11.4bn against \$7.8bn last year. The trade gap has taken its toll on the current account balance which showed a surplus of \$1.2bn against a 1986 surplus of nearly \$5bn.

worsens

By Tom Burns

Ozal flies home to face run on lira

By Jim Bodgener in Ankara

TURKEY's Prime Minister, Mr Turgut Ozal, flew back from Switzerland yesterday, buoyed by a new accord with Greece, to face a run on the lira and allegations involving his new Defence Minister, Mr Ercan

The prime minister repeated warnings to banks against spec-ulation in foreign exchange markets. The Government is expected to announce soon a package of measures designed to halt the lira's slide and restore confidence in the econ-

omy.

The lira has spiralled downwards against currencies on the unregulated markets over the past formight, falling by a differential of 20-25 per cent rates fixed daily. Yesterday ing rate for the dollar was TL 1,330 against the official rate of TL 1,124.

The immediate cause of the

The immediate cause of the lira's slump is popular mistrust ister Mrs Margaret Thatcher ahead of its expected flotation yesterday, met Mr Genscher in March, in the government's quest for eventual convertibil-

However, banking officials say the fall is the natural after-math of relaxed controls during an election year, particularly in the run-up to the November elections which returned Mr Ozal to his second term of

The result has been an abundance of cheap lira chasing diminishing foreign exchange

The government also faces the most serious test yet of its cohesion since Mr Ozal's re-elec-tion. The press has accused Mr Vuralhan concerning the alleged award, in a previous position, of a contract to supply bullet-proof cars to the Foreign Ministry.
The allegations culminated

yesterday in the lodging of cen-sure motions in parliament by both opposition parties. Parliament voted to consider on February 11 whether to debate the

Mr Ozal has defended his new Defence Minister, saying the evidence is not sufficient to warrant an official inquiry. However, he has also pledged that Mr Vuralhan would be asked to resign in the last resort, if evidence proved

damning. President Evren has said it is up to Mr Ozal to take any nec-

EC looks to UK and Bonn for concessions

BY DAVID BUCHAN IN BRUSSELS

meeting of European Community foreign ministers which, however, produced no break-through on deadlocked budget and farm issues in advance of the European summit on February 11-12.

Mr Hans-Dietrich Genscher, Mr Hans-Dietrich Genscher, the West German Foreign Min-ister in the presidential chair, wound up the meeting by tell-ing the 11 other foreign minis-ters: "I shall be telling my col-leagues in Bonn that the Federal Republic must make

and his finance and farm minis-

and his finance and farm ministers.

Aware that some internal pressure might now be brought to bear on Mr Ignaz Kiechle, the West German Farm Minister whose latest price proposals have angered the UK, Sir Geoffrey Howe, the British Foreign Secretary, confined himself in public to saying the Brussels meeting had made "useful progress on several points" and denying there was question of "an Angio-German battle".

If the next summit is not to end, like its predecessors, in failure, concessions by both

Court rejects Dutch case for growers' cheap gas

THE EUROPEAN Court of Jusits verdict on the bitter row over preferential gas tariffs offered to horticulturalists in

The Court said the Commission had been right to intervene under Article 93 of the Treaty of Rome to force the Dutch Government to increase the that year were still too low. tions do prices paid by flower and vege. The preferential gas tariffs influence. prices paid by flower and vege-table growers in 1984. It were introduced in 1970 to

SIGNS of conciliation yesterday Bonn and London will be key to emerged from West Germany any overall package. For and Britain after a two-day instance, Bonn will have to lower and London increase the amount each is ready to see cereal farmers given a guaran-teed price on. The mooted com-

give more ground on farm issues that it does itself, the West German presidency appears to want UK movement on the size of future develop-ment spending on poorer EC regions. The summit, even if it reaches long-awaited harmony on farm spending, could still be scuppered by demands for more

development money from

southern members.

Spain reaffirmed at this week's meeting its strong support, even more than the Commission itself, for the formal Commission proposal that so-called structural funds be doubled from Ecu 7bn (£4.8bn) a year to Ecu 14bn by 1992. On

ment, the main farmers' union

1985 - in a manner contrary to Community law - but it came

down against the Commission's argument that the prices set for horticulturalists from June of

rejected a complaint about the encourage farmers to switch action by the Dutch Govern- from oil to natural gas.

war crimes document not found

A WEST GERMAN historian probing the wartime past of Mr Kurt Waldheim left for Vienna last night after failing, both in Zagreb and Belgrade, to find the original of a document said to link the Austrian President to Nazi war crimes, Reuter reports from Zagreb. Mr Manfred Messerschmidt, a

member of an international commission of historians investigating Mr Waldheim's past, said he had failed to find the original in the Croatian Archives in Zagreb.

His research assistant, Mr Zoran Jovanovic, said in Bel-grade he had also failed to find it in the Yugoslav Archives or the Military History Institute. These three archives are the greatest storehouses of wartime documents in Yugoslavia. Mr Messerschmidt was sent to Yugoslavia to authenticate the

document, published in the West German magazine Der Spiegel. It purports to be a tele-gram sent in July 1942 by a Croatian commander to a Ger-man commander, advising that a Lt Kurt Waldheim sought to deport more than 4,000 Yugos-

lavs. Mr Waldheim has denied any involvement in war crimes and called the telegram a forgery. Der Spiegel said the original was discovered in Zagreb archives by Yugoslav historian Dusan Plencs, who said on Monday that it was in Belgrade.

European poll backs CAP

EUROPEANS feel warmly towards farmers and broadly support the aims of the Com-mon Agricultural Policy,

mon Agricultural Policy, according to a poll released yesterday, writes Tim Dickson in Brussels.

Most Europeans think that substantial public aid for agriculture is a good thing. Many "believe that farmers are not provided the control of the con and producer organisations.

The court also agreed that the semi-state body responsible for tariffs had been slow to implement the Brussels decision in merely economic agents but that through their work they help to preserve the environ-ment". Most reject the idea that Europe should buy cheaper agricultural products from abroad rather than those grown at home with the help of subsi-dies, while there is an overall belief that farmers' organisations do not enjoy excessive

Almost three quarters believe the least profitable farms are bound to disappear.

Waldheim Rome defence chief ready to risk row over US bombers

BY JOHN WYLES IN ROME

MR VALERIO Zanone, the Italian Defence Minister, yesterday explained why his government may risk domestic controversy and accept the relocation in Italy of 72 US F-16 fighter bombers ordered out of Spain within three years. He told the defence commit-

tee of the lower house of the Italian parliament that the air-craft were "an important element" in the defence of Nato's southern flank.
If Nato decided that they

should be based in Italy, there would be no qualitative or quantitative increase in the allizanore's military forces, said Mr Zanone. But the aircraft were important for maintaining the balance of forces between East Italy's five-party coalition gov-

THE ITALIAN lira stood firm against the major curencies yesterday after details were revealed of exchange control restric-tions to be lifted later in the year.
The relaxations follow

The relaxations follow the path set out in frame-work legislation adopted by parliament last November. The government says the changes will put Italy on a par with most industria-lised countries, with greater

BY IAN DAVIDSON IN PARIS

OFFICIAL aid from Western governments and multilateral

institutions to developing countries rose by \$5.8bn to \$54.8bn

in 1986, or an increase in cur-rent dollar terms of about 16

But net export credit flows

fell by about \$1bn to \$2bn, a decrease of almost a third from an already low base; while private flows of funds to developing countries fell by \$3.2bn from \$30.4bn to \$27.2bn, and within this sub-total interna-

within this sub-total interna-tional bank lending fell by more than half from \$13.5bn to \$5bn.

The net result of these con-

tradictory trends was only a

slight increase in total financial resource flows to developing

countries in current dollar terms, from \$82.3bm to \$84bm.

Commenting on these figures, which are published in the 1987

annual report of the OECD's

per cent compared with 1985.

and West and for arms reduction efforts. The removal from the Euro-

pean theatre of this air force would really mean the collapse in Nato's southern defence capability," added the minister.

He said that although the US and Spain had agreed that the F-16s would be moved from the Torrejon base near Madrid within three years, Washington wanted a solution urgently so that it could cover the costs of the transfer in the fiscal 1989 budget starting from next Octo-

freedom than those minimally required by the European Community.

The measures, which will take effect by October 1, will permit Italian residents to have foreign debt leaves

will permit Italian residents to buy foreign debt issues with a minimum maturity of six months instead of two years as at present. Restric-tions on buying foreign commercial paper and cer-tificates of deposit will

erument is united on the ques

Mr Bettino Craxi, the Socialist leader, was quoted in a mag-azine this week as sympathising with the opposition to the F-16s among residents of the area around Nato's Comiso base in Sicily. As they are bidding farewell to cruise missiles, thanks to the recent US-Soviet agreement, Mr Craxi doubted that the citizens of Comiso

that the citizens of Comiso would welcome a force which would carry nuclear weapons. He also accused the US of putting excessive pressure on Rome to accept the fighter bombers. According to Mr Zanose, the F-16s would be bringing with them only conventional armaments.

Italians ease exchange controls

\$1.2bn against a 1980 surpius of nearly \$5bn.

The spectacular capital inflows of \$14bn during 1987 raised Spain's foreign and gold reserves to \$30.1bn, a figure slighty in excess of the national foreign debt, both public and private. trading overseas will be able to raise from 10 per cent to 20 per cent the for-

to use credit cards abroad and to hold up to L2.5m of foreign currency instead of 1,200,000. They will be able to export I.im in bank notes instead of 1,500,000 and to issue non transferable lira cheques for payments abroad up to Lom.

flows to developing countries than at any time since the 1950s. Since 1980, the relative

share of private flows has dropped from 51 per cent to 32

per cent, and export credits shrunk from 13 per cent to 2

per cent; whereas the share of total official development

from 36 per cent to 65 per cent, with bilateral and multilateral

assistance both increasing by

Mr Wheeler describes 1986 as "The Year of Italy", since Ital-ian official aid rose 59 per cent

This brought Italy for the first time above the DAC average in terms of the aid-to-GNP

similar proportions.

in real terms.

In addition, corporations

out that the real increase in official development aid by

DAC member countries, after

allowing for exchange-rate and price factors, was only about 1.5 per cent, somewhat below the long-term trend increase of

2 per cent per annum. But since two-third of DAC

members expect to increase their aid appropriations in the years ahead, the OECD predicts a reversion to the growth trend of around 2 per cent a year.

"The primary reason a projection of a higher level is not warranted," he says, "is the clouded outlook for United

States' Official Development

Assistance levels in the context

of that country's budget and

eign currency content of their liquid assets. Residents will also be free

private.

The trade balance highlighted the serious impact on imports of tariff disarmament in the wake of Spain's entry to the European Community. Imports grew by 38 per cent to reach \$44.6bn while exports climbed by 24 per cent to alightly more than \$33.2 bn.

The prospects of a widening trade gap this year are fuelled by a further 15 per cent cut in EC import tariffs on January 1 in line with the terms of Spain's in line with the terms of Spain's entry to the EC and by budgetary tax cuts which will do little to dampen a strong 1987 trend in consumer spending.

Strong earnings from tourism which rose to \$12.8bn, an increase of nearly 22 per cent Gloomy outlook for foreign aid

increase of nearly 22 per cent over 1986, were of little avail in stemming the drop in the current account balance.

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trade adjustment policies." ratio. Norway increased its lead
The chief effect of the decline
in private flows, the report
notes, is that official development assistance,
ment finance is now playing a

ge in terms of the and-to-GNP
ratio. Norway increased its lead
as the most generous donor of
official development assistance,
with its aid-GNP ratio rising
from 1.01 to 1.2.

mittee, Mr Joseph Wheeler. larger role in total financial chairman of the DAC, points flows to developing countries

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BY IAN DAVIDSON IN PARIS

date's expenses in presidential elections.

grouped in the centrist UDF,

grouped in the centrist UDF, and the opposition Socialist party. That consensus broke down in committee last week, when the UDF proposed, and the socialists indignantly rejected, an amendment to allow political donations to be tax deductible.

The proposals follow a wave-of politico-business scandals last year, of which the arms-for-Iran "Affaire Luchaire" was

PLO plans

THE PALESTINE Liberation

Organisation is negotiating the hire of a Greek-owned cruise boat to return a number of Pal-

estinians expelled from the

occupied territories, to Israel, accompanied by several hun-

dred international personali-

Departure has tentatively

been scheduled for the begin-ning of next week; but the char-

ter contract has not yet been signed, according to Mr Tzannis

signed, according to Mr Tzannis Kouloumbis, the captain of the Maltese-flagged Silver Paloma, owned by the Piraeus-based Afroessa Lines company.

The vessel is expected to begin its voyage at Piraeus on February 8 or February 9 and to make a stop at the Cypriot port of Limassol, before salling to Haifa in Israel.

According to the captain: the

According to the captain, the PLO had specified that the passenger list would consist of a small number of Palestinians

expelled from the occupied territories and "400 VIPs." The identity of the Palestinians

involved has not been disclosed. Mr Kouloumbis indicated

return of

exiles to

Israel

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Mr Kouloumbis indicated that, besides finalisation of the contract, the voyage would depend on agreement from the Greek foreign ministry. "It is not a case of the ministry giving the order for us to sail, but of indicating that there is no problem with our going ahead," he said.

he said.

The ministry's involvement reinforces speculation that the issue of the voyage was raised by PLO leader, Mr Yassir Arafat, in talks with the Greek prime minister, Dr Andreas Papandreou, during a flying visit to Athens in January.

Dr Papandreou then said that Athens would raise the Pales.

Athens would raise the Palestinian issue at the level of the European Community when Greece assumes the presidency of the Council next summer. Until the recent wave of unrest in the occupied territo-

THE French National Assembly and underhand channelling of yesterday began debating profunds to political parties. posals to regulate the finances of political parties, including a FFr 100m ceiling on each candi-

French parties split over

move to clean up funding

The absence of effective laws governing party finance has created incentives for dubious manoeuvres in political fund-ing. But manifestly the public-ity surrounding the "affaires" has mainly been the result of discreet orchestration in the media by politicians to fling mud at their opponents. Until a week ago, consensus on the legislation appeared to be emerging among the three largest political groups: the governing neo-Gaullist RPR party, its coalition partners

in the case of the Luchaire scandal the mud appeared to scannal the mud appeared to stick to the Socialists, since the illegal arms exports in question took place under the previous Socialist government; it was alleged – but has still not been proved – that the deal involved underhand channelling of funds to the Socialist Party.

to the Socialist Party. It was at least partly in an attempt to counter the effect of this scandal, that President Mitpoisoned the life of the Repub-

lic for a hundred years". In addition to the ceiling on presidential candidates' election expenses, the new legisla-tion will limit spending by par-liamentary candidates, fix the share of election expenses to be reimbursed by the state, and require virtually all elected office-holders to declare their assets at the beginning and end of their terms of office.

The major unresolved prob-

The major unresolved problem, as highlighted by last week's breakdown in committee, concerns the day-to-day financing of political parties outside election periods. The neo-Gaullist RPR, which is generally assumed to be the party most amply supplied with business donations, did not support the UDF proposal to make personal or business contributions tax-deductible; but at the end of the day, it is likely that the for all a question which has scandar, that president airtax-deductible; but at the end of the day, it is likely that the most spectacular. Many of these "affaires" allegedly involved the abuse of power all a question which has through.

Carlucci to discuss **US** Azores air base

US DEFENCE Secretary Frank start-up funds for a Luso-Amer-Carlucci holds talks in Lisbon ican Foundation. The remainder today with the Cavaco Silva Government over the longstanding agreement for American use of the Portuguese Air
Force base of Lajes on Terceira
island in the Azores.

The Portuguese Company and the direct supply of, military equipment.

Expectations remained high but the US Congress cut back foreign aid in 1986 when fund-

The Portuguese Government is unhappy with dwindling financial returns from the agreement. It wants to exercise its option to begin a review on February 4 of the text signed in December 1983.

The pact goes back to the 1950s and has periodically been updated: the 1983 version offered Portugal major finan-

cial benefits.

In return for another seven years' use of Lajes – considered strategically useful in case of Middle East conflict – the US Administration promised its

best efforts" to secure growing Congress, it expects the Adminaid for Portugal.

Portuguese expectations were
satisfied in 1985: \$280m were have to seek a formula that granted in total; \$40m was smooths Portuguese feathers given as economic aid to the but does not ruffle Congress in Azores themselves and \$60m an election year.

Younger warns

Soviet military | Ozal faces test aim unchanged, in political row

By Jim Bodgener in Ankera

THE WEST must not be deluded by rhetoric from the Soviet leader, Mr Mikhail Gorbachev, or the conclusion of the INF treaty, into expecting irresist-ible progress towards wider disarmament, the UK Defence Secretary, Mr George Younger, told an invited audience in Copenhagen last night. Mr Younger is on a two-day

official visit to the Danish capi "The central security problem in Europe is Soviet military power, far in excess of any needed for defence or keeping its satellites at heel," he said.

about minister

The US Administration has

repeatedly pointed out that it has made "best efforts" on Por-

But since the Cavaco Silva

Government cannot haggle with

tugal's behalf

MR TURGUT OZAL, Turkey's Prime Minister, flew back from Switzerland yesterday, buoyed up by his accord with Greece, to face a run on the lira and a row about one of his ministers. The Defence Minister, Mr Ercan Vuralhan, has been accused in the press, of financial irregularities in a previous post in his award of a contract

to a West German firm to sup-ply bullet-proof cars to the Forply bullet-proof cars to the For-eign Ministry.

The campaign against him culminated yesterday in cen-sure motions in parliament from both opposition parties.

Mr Ozal has defended his Mr

election blow for **Premier** By Sara Webb in Helsinki IN THE WAKE of Monday's presidential election, attention in Finland is focusing on the fate of the Conservative party and Mr Harri Holkeri, the country's Conservative Prime Minis-Mr Holkeri's disappointing performance – he came third instead of runner-up – has led to speculation that he may not

Finnish

run as the Conservative presidential candidate in 1994.
Mr Mauno Koivisto, the president for the last six years, won almost 48 per cent of the vote, just short of the 50 per cent needed. But he is expected to win when the electoral college

win when the electoral college votes later this month.

Mr Koivisto, the Social Democratic candidate, already has the support of 144 of the 301 electors in the college, while Mr Holkeri has 62 and Mr Pavo Vaeyrynen of the Centre Party has 68. It seems likely that some of Mr Holkeri's supporters will move over to support Mr Koivisto, giving him a majority in the first ballot.

The Conservative party will now have to decide whether to field Mr Holkeri as the presidential candidate for the 1994 election or whether to look for another candidate such as Mr Ilkka Suominen, the Conserva-tive party chairman.

It will also have to reassess its relationship with the Social Democrats in Finland's red-blue came in the form of soft loans coalition government. Since coming to power for the first time in 21 years at the general election last spring, the Conservative party has faced internal problems. Mr Holkeri ing dropped to \$189m. In 1987, the US Administration proposed \$220m: only \$147m squeezed through Congress. For 1988, the Congressional knife

appears to want to change too much too soon when it comes to taxes and labour relations. His task may be made more has cut deeper still: \$117m is likely to be all Portugal difficult now by the emergence of Mr Vaeyrynen, the Centre party chairman, as a more for-midable opposition leader.

William Dullforce on the issues at Davos World Economic Forum

Clouded views from a Swiss Alp

men from more than 50 countries to a plushly equipped Swiss ski resort, blend in 50 or so cabinet ministers, high gov-ernment and international officials, add 150 assorted politicians and academics, spice with a Doomsday planetary dis-course from Professor Carl Sagan, the astrophysicist, spin the lot in a near non-stop, impeccably organised six-day schedule of plenary sessions, briefings, lunches, dinners and private meetings: and what do

you have? One correct, if surprising, answer is the venue for an act of political reconciliation between two perennially divided nations — in this case

Turkey and Greece.
Professor Klaus Schwab, the
unflappable and indefatigable
organiser of the annual World Economic Forum in Davos, experienced a moment of con-summation on Sunday, when he appeared before television cameras together with Mr Turgut Ozal of Turkey and Mr Andreas Papandreou of Greece, as the prime ministers announced their decision to start resolving

The WEF has at any rate passed the market test. The

their nations' differences.

The event validated the underlying philosophy of the WEF, that if you put political and business leaders together in a cossetted but stimulating environment, results will emerge. Mr Ozal and Mr Papan-dreou made their first, very reserved, personal contact two years ago at breakfast in

Another correct answer is that in the WEF you have what one participant called the global town square. Encounters among international leaders and businessmen – in the Con-gress Hall, hotel lobby, walking down the Promenade or on the ski slopes – can be as casual or intense and as non-committal as between neighbours in a small

businessmen come back year

SUBARU

(£2,510). This year, the October stock market crash, the plunge of the dollar, and the fear of recession in the US had provided them with even more urgent reasons for testing the intentions and perceptions of the ministers, central bankers, and international and government officials. From the start the business-men's incertitude and doubts

were palpable. In one closed session an Australian banker warned that the US policy of The event validated the philosophy of the World Economic Forum, that if you

put political and business leaders

together in a cossetted but stimulating

environment, results will emerge. maintaining growth by running up debt was becoming less and less credible in the eyes of investors - a point made more diplomatically by Mr Yasuhiro Nakasone, the former Japanese

Nakasone, the former Japanese Secretary for International Prime Minister, in his opening address.

Was the US leading the world "counterproductive." into recession and was eco-nomic co-ordination among the major powers working fast enough? the banker asked.

One VIP, insisting that reporters present should not divulge his high government status, described as purely coincidental the "so-called" victory in December when combined cen-tral bank intervention halted and partially reversed the slide in the dollar. Either the exchange rate had to give fur-ther or interest action.

ther or interest rates had to rise in the US.

Mr Lionel Olmer, a former US
Undersecretary for Commerce, kets that co-ordination of ecochairing a discussion panel on nomic policies by the US, Japan the new rules for corporate and the big European countries competition, chided panellists for not reflecting "the incredible difficulties facing the business community which has to redicate or the big European countries and the big European countries working.

"It is no good saying that coordination will work in the long run. In the long run we are all

make up its own rules as best it dead," Mr Papandreou said reaches this year's SFr6,100 can to survive in an increas-

ingly turbulent environment." Where is the dollar rate going? Are interest rates bound to rise in the US? Is international economic co-operation really working? Is the international trading system breaking down or will Gatt's Uruguay Round succeed in averting a retreat into protectionism? And above all, is the US economy heading for recession, taking the rest of the world with it? Business concern punctuated plenaries, briefings and "brain-

The response from the offi-

cial decision-makers was quali-

fied reassurance. On the dollar.

Mr David Mulford, Assistant

could central banks keep it sta-

Mr Mulford, Mr Schlesinger, Mr Toyoo Gyohten, the Japa-nese Vice-Minister for Finance, and Mr Onno Ruding, the Dutch Finance Minister, agreed that co-ordination had been too lethargic after the attempt in the Louvre accord of last February to stabilise exchange

But, Mr Mulford claimed, since the October stock market crash governments of the Group of Seven industrial countries had been achieving more effective co-ordination on a oriet daily basis than at earlier ull-scale formal negotiations.

Slowdown in economic growth in the US this year but no recession was the nearly fidence was also voiced in pri-vate, but with some reserva-tions, about currency and stock market reactions, should the switch from growth led by domestic demand to export-led growth be prolonged.

Mr James Howell, Professor of Economics at Stanford University Colifernia estimated

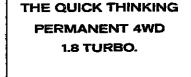
versity, California, estimated that a 4 per cent cut in private US consumption over the next few years would be needed to correct the US trade deficit of

more than \$170m in 1987. An extremely powerful surge in US exports would be needed to compensate, economists in Mr Clayton Yeutter, the US Trade Representative, said US companies were internationally the audience remarked, underprice competitive at current lining the tenuousness of the current dollar rates and the importance of holding trade protectionism at bay. A Swiss banker saw "no objective reasons" for the dollar to recover and how long

Mr Bruce Smart, the US Undersecretary for International Trade, probably summed up best the mood after the exchanges, when he was asked whether he thought exchange rates had now been stabilised and whether one could hope for a new Gatt agreement in 1990 with an effective dispute settle-ment mechanism.

Remarking that by then he would have left government and returned to business, he replied: "I hope for both and

count on neither.



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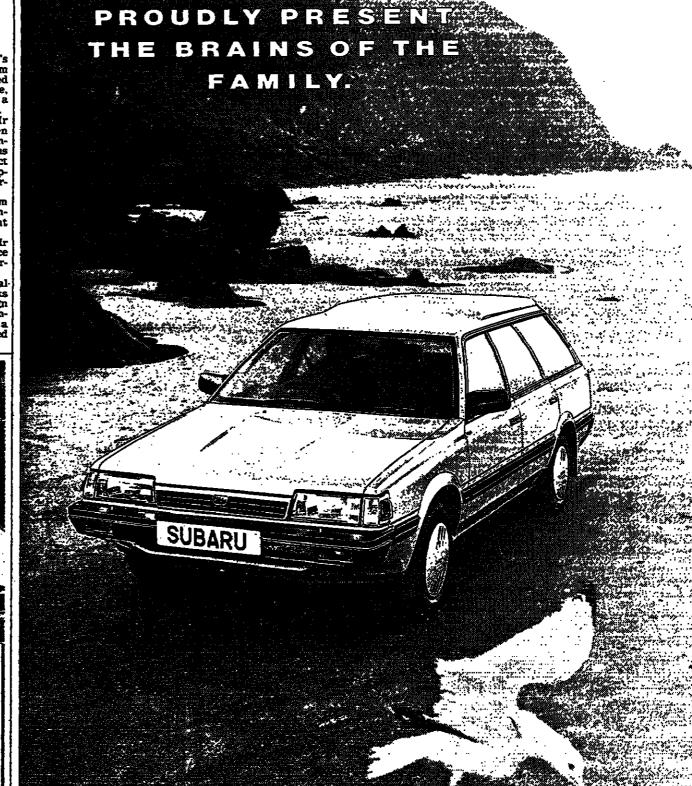
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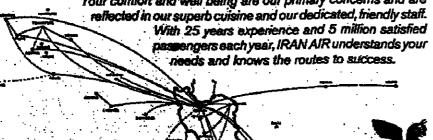
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Israeli deputy PM rules out US plan

A LARGE spanner was thrown vesterday into the delicate works of the latest US peace initiative on the Middle East by Mr David Levy, the right-wing Israeli Deputy Prime Minister. Breaking an uncharacteristic silence of recent weeks, Mr Levy told an enthusiastic crowd of Jewish settlers in the occupied West Bank that he categorically ruled out any "enhanced" autonomy proposal for the territories, as reportedly envis-aged by the US as an interim

solution.

The only possible policy, he said, was the autonomy plan defined in the 1978 Camp David accords. This was an open challenge to his own Herut party leader, Prime Min-ister Yitzhak Shamir. However, as a backlash of right-wing opinion against the current thinking of the US State Department gathers strength, Mr Shamir himself is believed to be having second thoughts.

Mr Levy, a maverick populist
and strong supporter of the
Jewish settlers, is also Housing
and Construction Minister. In that capacity, he announced yesterdaythat "thousands" of new apartments would be built this year with government

funds in existing settlements.
Halting new settlement activity has beenensingled out by President Hosni Mubarak of Egypt as an essential condition for his current peace plan for the Middle East. Nearly 70,000 Israeli political map is an amalJewish settlers live in the West Bank, along with some 2,500 in Jewish settlers live in the West gam of dissidents from the two Bank, along with some 2,500 in the Gaza Strip, double the number in 1984 when the coalition middle-of-the-road Shinui National Unity Government party, headed by Mr Amnon took office.

As torrential wintry rain swept across the hilly West member Knesset, including that of Mr Rubinstein, a former Cab-Bank yesterday, few distur-bances were reported. Curfews remained in force in all of Nablus and its adjoining refuthe grand coalition government gee camps, together with the villages of Anabta – where two people were killed on Monday – and Rani Nain and Anaba – the same state of the and Bani Naim, and the troubled Jelazoun camp.

bled Jelazoun camp.

At the best of times the forestall further disturbances blamed on Monday's start of the new academic term in the West Bank, the army ordered the closure of all secondary schools in the northern part of the court of the northern part of the closure of all secondary schools in the northern part of the court of the northern part of the court of the court of the northern part of the court schools in the northern part of the territory, as well as four fers sharply from its more time out of five university campuses. Altogether, more than 100,000 students were affected by the indefinite measure.

Where the Centre rarty differs harply from its more time get — to act as a moderating, secular power broker between its hopes on generating some two behemoths it denounces as staying power — is in its still fighting the battles of the declared willingness to deal

Assam's patience with Delhi grows increasingly thin IN A POLL marked by violent clashes over allegations of

vote-rigging, the student-based Asom Gana Parishad (AGP) government in Assem has managed to win its first by-election since coming to power two years ago.

The margin was a thin 714 votes over the rival Congress (I) party, which had hoped to see its popularity revive after its shock defeat by the AGP in the 1985 state elections.

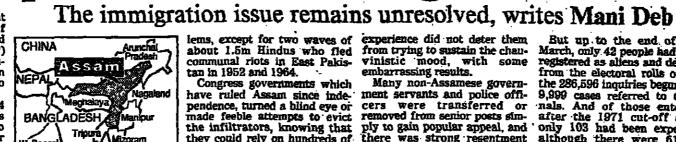
The violence in the Nazira by-election brings into focus the growing tension between the AGP and Mr Rajiv Gandhi's Congress (1) Government in Delhi over the delay in implementing the Assam Accord. That agreement ended a sixyear campaign led by Assamese students against illegal immigrants.

Kumar Mahanta, soft-spoken son of a village school teacher, became the first student to be sworn in as the chief minister of Assam, the tea and oil produ-cing state in India's strategic northeast corner.
Mr Mahanta once led the

powerful All Assam Students Union (AASU) which spearheaded a campaign of civil unrest against illegal immigrants – the influx of an estimated 4m foreigners, mainly

With three seats in the 120-

inet minister who resigned from



about 1.5m Hindus who fled from trying to sustain the char-communal riots in East Pakis-tan in 1952 and 1964. embarrassing results.

culminated in the signing of the Assam Accord with Mr Gandhi, India's Prime Minister, in 1985, and the holding of elections.

The accord included a for-

lems, except for two waves of experience did not deter them

congress governments which have ruled Assam since independence, turned a blind eye or made feeble attempts to evict the infiltrators, knowing that they could rely on hundreds of thousands of votes.

The campaign, which was at times marred by communal violence, was widely backed by the Assamese, who saw a threat to their ethnic culture. It culminated in the signing of the

learned its biggest lesson when it realised that the central gov-ernment in Delhi was either unwilling or unable to implement the Assam Accord, which in turn led to frustration and the AGP losing its popular

The accord included a formula for detecting and evicting in turn led to frustration and foreigners, revising the voters list, steps to improve border security, and economic aid to set up an oil refinery and improve certain industries.

Riding the crest of Assamese regionalism, the students who had formed the broad-based AGP to fight the elections, swept to a resounding victory swept to a resounding victory and like all those who entered as foreigners and lose their voting rights for 10 years from the date of for 10 years from the date of detection. Those who came before 1966 would be granted citizenship certificates, while those entering after March 24, 1971, would be expelled.

But up to the end of last March, only 42 people had been registered as aliens and deleted from the electoral rolls out of the 286,596 inquiries begun and 9,999 cases referred to tribunals. And of those entering after the 1971 cut-off date.
only 103 had been expelled, although there were 61;281 complaints and 6,922 cases

The Assamese say the law should be amended so that the burden of proof falls on the immigrant rather than those pointing the finger, and more registration offices should be set up. They also want a secure border with increased patrols,

referred to tribunals.

watchtowers and fencing.

Apart from the daunting task of identifying the illegal migrants, Delhi faces a strong Moslem and Bengali lobby warning against the harassmen of minorities. There is also the problem of which state or country would be willing to accept tens of thousands of people who are evicted.

AASU leaders have decided

not to remain silent spectators

teers took the law into their own hands to mount an eco-nomic blockade of the neighbouring state of Nagaland in an inter-state border dispute. As police watched idly, road links were picketed to prevent food, fuel and other essentials getting

through. The students' power lay in the tacit support they received not only from the people but sometimes unofficially from the AGP government. In fact, students have become a strong pressure group in the whole of northeastern India in their campaigns for various regional

The All Bodo Students Union in Assem are now seeking a separate state for their tribe in the northern plains of the Brah-maputra valley. In Meghalay state the Khasi Students Union is pressing for the expulsion of allens, mainly Nepalese settlers. While students in Aranachal are stepping up their campaign for a 12-point demand, includ-ing the eviction of Tibetan and Chakma tribal refugees.

Although the Assam Accord has given Delhi a breathing

space and there is relative peace and order in the state any longer. They have assumed peace and order in the a watchdog role and growled today, unless more is seen whenever they felt the state's done to implement its policause was not being upheld.

Last November, AASU voluncial may not last forever. today, unless more is seen to be done to implement its political and economic terms, the uneasy

Pretoria irked by **US** line on Angola

By Anthony Robinson in Johannesburg

US SUGGESTIONS that the latest round of talks in Luanda between Mr Chester Crocker, Assistant Secretary of State for African affairs and an Angolan government delegation last week had revealed greater flexibility about Cuban troop with drawals have been received with irritation by Pretoria.

Mr Charles Redman, the State Mr Charles Redman, the State
Department spokesman in
Washington reportedly said
that Angola and Cuba had
agreed for the First time on the
principle of a total withdrawal
of the 40,000 strong Cuban contingent, with the usual proviso
that for this to happen South
Africa would bave to case its
support for the Unital rebel
forces led by Dr Jonas Savimbi
and grant independence to
Namibia under the terms of UN
Resolution 435. This calls for Resolution 435. This calls for UN supervised elections to a

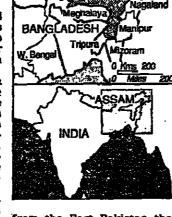
UN supervised elections to a constituent assembly.

As it stands such a statement of principle does not appear to move the dead-locked negotiations further although Mr Redman reportedly described it as "an important step".

Mr Pik Botha, the South African Foreign Minister said that Pretoria had not received any official details from the US about such a plan and declared huffily "I find it strange that Dr Crocker should conduct important matters of this nature through the media instead of consulting the South African Government."

The Foreign Minister's state-The Foreign Minister's statement reflects growing disillusionment with American diplomatic efforts to end the 12-year Angolan civil war and secure the re-patriation of Cuban and other Soviet bloc forces. Pretoria accepted Washington's linkage between Cuban withdrawal and Namibian independence as it provided the perfect stalling mechanism to keep South African control over the UN trust territory.

• The South African police airlifted another 100 police reinforcement into the townships around Pietermaritzburg yesterday following a further escalation of violence and fears of pitched battles between sup-porters of the rival United Democratic Front and Inkatha movement. Police reported five more deaths yesterday after a weekend of violence in which 18 people were killed.



was, and Bangladesh.

The agitation began in 1979
when it was found that voters'
lists had grown through the
addition of 65,000 such immigrants. For decades landless
peasants from East Bengal have
found it easy to slip across the
unguarded border and settle in
the flood-prone swamps and
sandbanks of the Brahmaputra
to take up the reins of officevalley. They were mainly Mos-

The most celebrated of the new party's founders is Mr Moshe Amirav, who was expelled a few days ago from his position on the Central Committee of Herut, Prime Minister Vierbell Charity and Charity a

ister Yitzhak Shamir's domi-

nant right-wing faction in the Likud. His offence was to hold unauthorised indirect talks with the PLO on the basis of a

Herut working paper advocat-ing "a functional compromise" solution for the West Bank and

Centre Party is added to

A NEW political party has been even with the arch-devil him-launched amid little fanfare in self, Mr Yassir Arafat of the Israel. Calling itself the Centre Palestinian Liberation Organi-

Israel's political flux

Beirut gunmen kill Frenchman

By Nora Boustany in Beirut

A MYSTERIOUS campaign against French nationals frequenting Christian areas was revived yesterday with the assassination in broad daylight of a Frenchman, the fourth in four months, police and embassy officials

Two French gendarmes were fatally injured last October 29 outside an antique shop in a suburb of Christian-controlled East Gaza Strip. Like Britain's Social Demo-

-Last September a Jesuit priest and university rector was gunned down in Sidon.

Unidentified gannen pur sued Mr Jacques Meurant in his late 20s, as he was driving along a road passing Beirut's Palais de Justice towards the residential Christian neighborhood of Achrafieh. Using silencerequipped pistols, the killers pumped several bullets into Mr Meurant.

Beirut and another was critically wounded in a similar attack. On November 11 last year, Mr Richard Genpel, a French engineer was shot and later died.

COMMONWEALTH GROUP SEEKS PRACTICAL MEASURES

S Africa arms sanctions study

BY VICTOR MALLET IN LUSAKA

THE EIGHT Commonwealth mined. countries which took part in this week's meeting on southern Africa are convinced, unlike the British government, that sanctions are an effective weapon against apartheid.
Representatives from the

ight - Australia, Canada, Guyana, India, Nigeria, Tanzania, Zambia and Zimbabwe ignored the bitter controversy over the effectiveness and the aims of economic pressure and looked instead for practical and speedy ways to step up the sanctions campaign. After two days of discussions

it appears that this committee of foreign ministers, created

the rules allowed South Africa

sanctions. But the Common-wealth as a whole, recognising that implementation of such a package is unlikely, has opted to take a more piecemeal approach for the time being. Yesterday the ministers heard Yesterday the ministers heard

representations from such opponents of the South African Government as the churches, the African National Congress, the Pan-Africanist Congress one (known as the impact and the South West Africa study) to evaluate the effect of People's Organisation.

This, the committee's first of obtain much of its military meeting, is to be followed by equipment abroad, he said. several more meetings before Austrian spotter planes are the next summit in Ruala Lumpur in 1989.

Several participants have in Mirry also singled out I grael for Several participants have in Minty also singled out Israel for the past pressed for immediate its military collaboration with and comprehensive economic South Africa and said the sanctions. But the Common-heavy 155m artillery pieces wealth as a whole, recognising being used by South African that implementation of such a forces in Angola were based on

US technology.
The group is likely to look favourably on his calls for improved national legislation to control arms exports and

impose harsher sentences.
Two other studies are being commissioned by the ministers, where sanctions can be strengthened.

In particular the ministers believe that the mandatory 1977 UN arms embargo against South Africa should be tightened and that the country's financial links with a south and the strengthened.

In particular the ministers believe that the mandatory and increase the penalties for the financial shows the financ In particular the ministers made a detailed case for action tional community. "The idea of to tighten the arms embargo to tighten the arms embargo the financial study is to learn a 1977 UN arms embargo against South Africa should be tighten the arms embargo the financial study is to learn a little more about those links and the extent to which South Africa is vulnerable," says one financial links with the rest of sanctions-busting operations of cal.

Coutts&Co

Coutts & Co. announce that their Base Rate is increased from 8.50% to 9.00% per annum with effect from the 2nd February, 1988 until further notice. All facilities (including regulated consumer credit agreements) with a rate linked to Coutts Base Rate will be varied accordingly.

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from Wednesday 3rd February

1988, its Base Rate has been increased from

8.50% per annum

to 9.00% per annum

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Lloyds Bank Base Rate.

Lloyds Bank Plc has increased its Base Rate from 8.5 per cent to 9 per cent p.a. with effect from Tuesday, 2 February 1988.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to Lloyds Bank Base Rate will be varied accordingly.

The change in Base Rate will also be applied from the same date by the United Kingdom branch of The National Bank of New Zealand Limited.



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Base Rate

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BaseRate

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Girobank

Girobank plc announces that with effect from close of business Tuesday February 2nd 1988

Base Rate

Its base rate was increased from 8.5% to 9.0% per annum

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39 THE CO-OPERATIVE BANK

Co-operative Bank p.l.c. P.O. Box 101, 1 Balloon St., Manchester M60 4EP. Tel.: 061 832 3456

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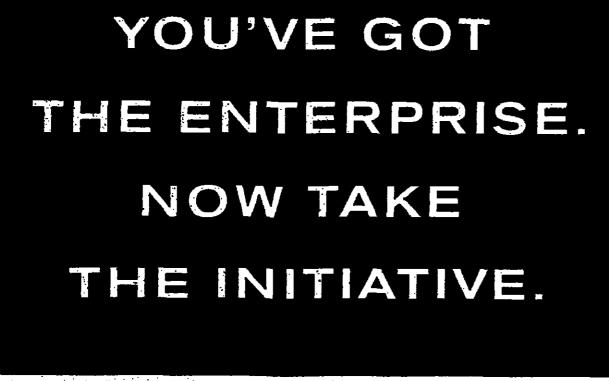
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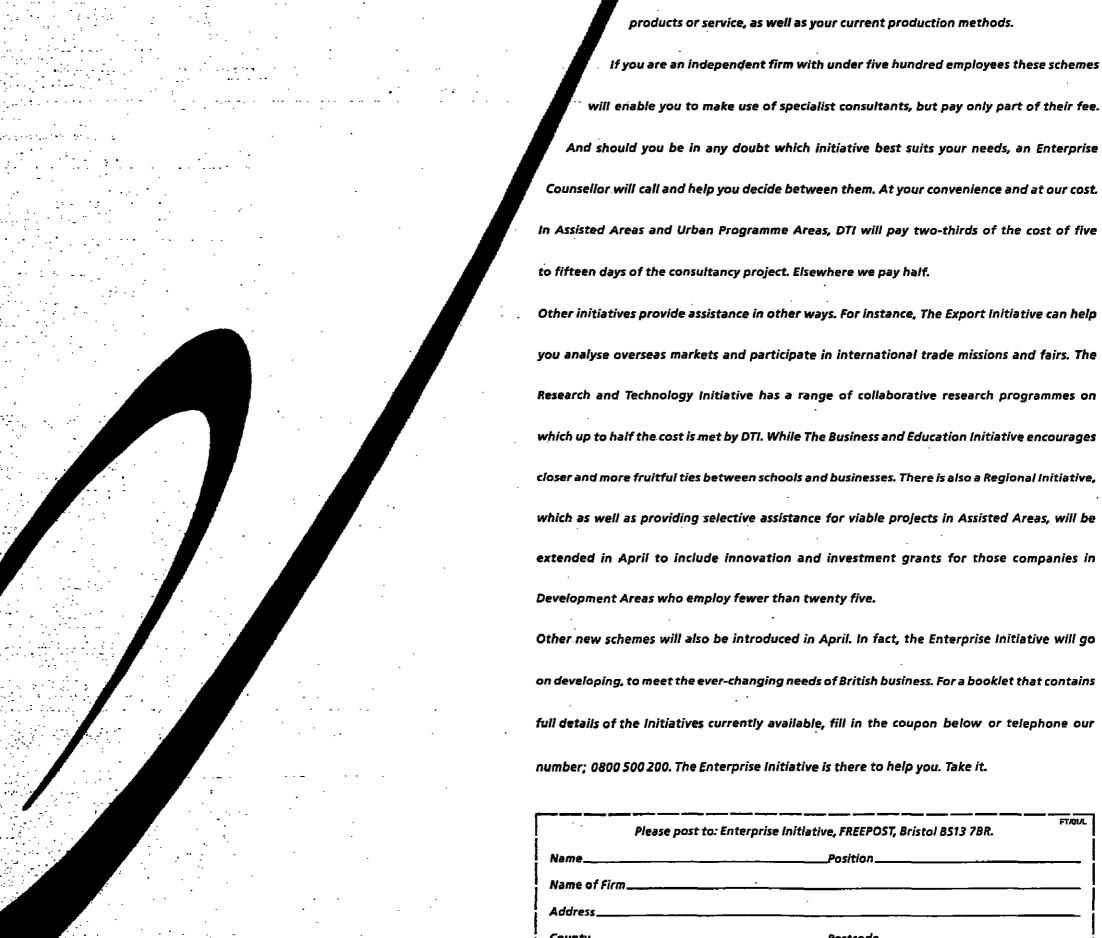
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will enable you to make use of specialist consultants, but pay only part of their fee. And should you be in any doubt which initiative best suits your needs, an Enterprise Counsellor will call and help you decide between them. At your convenience and at our cost. In Assisted Areas and Urban Programme Areas, DTI will pay two-thirds of the cost of five

you analyse overseas markets and participate in international trade missions and fairs. The Research and Technology Initiative has a range of collaborative research programmes on which up to half the cost is met by DTI. While The Business and Education Initiative encourages closer and more fruitful ties between schools and businesses. There is also a Regional Initiative, which as well as providing selective assistance for viable projects in Assisted Areas, will be extended in April to include innovation and investment grants for those companies in

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US and Soviet defence chiefs may meet

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

MR FRANK CARLUCCI, the US Defence Secretary, is expected to meet his Soviet opposite number Mr Dmitri Yazov in Berne, Switzerland, before the end of March to discuss arms control and other issues, according to US officials.

The meeting would be a further sign of improving relations between the US and Soviet Union and between the superpower defence establishments after a long period of limited top-level contacts.

Mr Carlucci's predecessor, Mr Caspar Weinberger, never agreed to meet Mr Yazov before

The first clear indication of chairman of the US Joint Chiefs n easing of tensions between of Staff.

the defence departments came during the summit meeting between President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, in Washington in December.

During the summit Marshal Sergei Akhromayev, the Soviet Chief of Staff and Deputy Defence Minister, visited Mr Carlucci at the Pentagon. Marshal Akhromayev has

been one of the most influential Soviet officials in the arms controi negotiations. There were reports yesterday that he is likely to visit the US later this year at the invitation

signs in Washington of a possi-ble shift in US nuclear defence In hearings on Monday on the Intermediate Nuclear Forces attack

Pentagon officials refused (INF) treaty signed by Mr Rea-yesterday officially to confirm gan and Mr Gorbachev on Capi-the widespread reports about tol Hill, Mr Carlucci disclosed the proposed meetings.

Some arms control experts in Administration policy in favour Washington suggest that the controversial negotiations between the US MX missile on railroad cars instead of in siles.

a treaty to reduce long-range nuclear weapons are only mak-Mr Carlucci reportedly feels that the silo basing of the MX makes the missile more vulnering slow progress.

The Reagan Administration has set its sights on reaching such an agreement in time for a proposed Moscow summit in the able to Soviet attack and therefore provides an incentive for a first strike by Moscow.

President Reagan, in one of several reversals of the policies of President Jimmy Carter, in 1981 rejected a plan to deploy MX missiles on trucks in order to make them less vulnerable to

The BGA, which claims it is unique to Chicago, is funded by industry and private contributions. Headed by Mr Terry Brunner, a former Justice

Department vice and organised crime investigator, the BGA

keeps contributions and investi-gations separate. "We're not selling protection," he stresses. The BGA has often extended

its corruption investigations nationally into issues ranging

ers to kidnap their children involved in US custody dis-

being both an arm of the Demo-

"Our critics accuse us of

"But corruption is very, very



over MX missile

fresh Contra

Reagan weighs

concessions

The House of Representatives has scheduled a showdown vote for today. Top Democrats are confident they can defeat Mr Reagan's compromise package which includes a token \$3.6m

military aid.
Opponents have insisted that
US military aid would sabotage progress on a cease-fire between the Sandinista Government and the rebels, undermin-ing the Central American peace plan. But they have raised the possiblity of a humanitarian package.
The Administration argues

limited military aid is needed as an insurance policy against Sandinista bad faith. In an attempt to win over "swing voters", officials said Mr Reagan might agree to let Congress have some role in deciding when the Contras could receive

Mr Reagan was due last night to make a televised address to the nation to campaign for Contra aid but three networks said they might not air the speech

live Mr Reagan has scaled back his aid request from the \$270m contemplated last summer, lower figure contains only \$3.6m lethal aid, to be held in escrow until March 31 pending an assessment of the Sandinista government's compliante with the Central American peace



AN ARGENTINE military judge yesterday released 88 non-com-missioned officers who had been grrested following last month's military rebellion at various army garrisons in the This brings to 130 the number

This brings to 130 the number of officers and NCOs that have been returned to their units since last Friday, out of the 325 that were originally arrested for having supported the uprising led by Lt Col Aldo Rico.

The military courts that are investigating the rebels have made it clear, however, that those released are under conditional liberty and are still liable to face charges for mutiny and

to face charges for mutiny and/ or insubordination. Military sources say that in seessing the responsibility of



PRESIDENT Reagan was yesterday weighing fresh concessions in his campaign for Congressional approval of \$36m in a mow aid to the Nicaraguan Congressions whether they acted under coercion of senior officers face severe sanctions. Whether they were that he will be tried by a military than a cers; whether they were deceived into supporting the rebels when they thought they were supporting the loyalist forces; the rank and responsibility of the officers and NCOs involved.

Critics say this is an indication that the number of trials involved.

Argentina seeks to free \$225m standby loan

BY TIM COONE IN BUENOS AIRES

ARGENTINE central bank officials renewed negotiations in Washington this week to unblock the third \$225m tranche of a standby loan from the International Monetary Fund. Disbursement has been delayed by Argentina's failure to meet agreed macro-economic targets.

According to government offi-cials, Mr Jose Luis Machinez, the central bank president, accompanied by Mr Daniel Marx, one of the bank's directors, are also to discuss govern-ment financing needs for 1988-90. This will lay the basis for a further standby loan when the current one of

\$1,35bn expires this September. Financing needs for 1968 alone are unofficially estimated at more than \$2bn. IMF officials are thought to

ment failure to reduce the fiscal deficit and what they consider is an overvalued exchange rate. Mr Machinea, however, has gone to Washington armed with proposals to reduce the fiscal deficit to 2 per cent of gross domestic product this year and speed up a reduction of tariff barriers. He has a series of measures already under his belt such as implementation of the

There are worrying signs of a downturn in the economy in the months ahead. A recently-published industrial survey showed that 50 per cent of companies experienced a sharp fall in sales in the last quarter of

After a brief respite in December, inflation is again creeping up with preliminary estimates for January in the be dissatisified with govern- region of 8-9 per cent.

Panama army strongman 'made millions'

By Lionel Sarber in Washington A FORMER senior adviser to Gen Manuel Noriega, the Pana-manian military strongman, has accused him of widespread cor-ruption and converting the gov-ernment into a "criminal enter-

prise".
Mr Jose Blandon, architect of a plan backed by the Reagan Administration which attempts to move Panama towards democracy, said Gen Noriega had made millions of dollars of profits from selling passports, visas, airport landing rights and marine identification cards for seamen aboard Panamani-

an-registered ships Mr Blandon's allegations were published in the Washington Post yesterday and are believed to match five hours of testi-mony to a federal grand jury last week that is investigating Gen Noriega's ties to the lucrative Latin American drug trade. The grand jury is expected shortly to seek an indictment of

While it is improbable that he would voluntarily appear in a ing mayor - following the US court, an indictment could death of Mr Harold Washington complicate White House efforts to persuade Gen Noriega to

The Blandon plan - which Gen Noriega rejected late last year envisaged him relinquishing power in return for guarantees that he and his associates would avoid prosecution in US

There are fears in Washington that a grand jury indict-ment, while strengthening the Administration's case against Gen Noriega, could prompt him to dig in his heels and refuse to

Chicago's fight against corruption and prompted the Illinois Gen-eral Assembly to pass laws regulating medical standards at the clinics.

"CHICAGO IS definitely one of the most — if not the most — cal corruption, they have also corrupt cities in the US," says
Mr Mike Lyons, the chief investigator at the city's Better Government Association (BGA).

"The best political scandals in other cities would not even widened over the years. The other cities would not even the secondation now offers are constituted." other cities would not even association now offers an open make the papers here."

Set up in 1923, the BGA grew want help with an investigation of the Anti-Saloon League tion. Thus their paper or televiate at a time when prohibition laws sion station gets a first crack at the given rise to a thriving the story before it is generally racket in Chicago. Its founders released.

racket in Chicago. Its founders embarked on a mission to bring better government to the "city on the make."

poll-watchers by Al Capone's It has continued to criticise

ing that the election of an acting mayor - following the had been decided in secret. and not in a public meeting as

THIRD World debtors in

1987 paid \$5.9bn more to the International Monetary

Fund than they borrowed

AP-DJ reports from Washing-

\$10.2bn in repayments from

developing nations and only

Comissioner responsible for

Community market integration, said progress on such issues as rules of origin and mutual recognition of test certification

would be easier than those of public procurement, state subsi-

dies and services, where EC

policy was still in the process of development. Efta states differ in the

Austria, as its economic affairs minister, Mr Robert

Fund reported

The

This relationship with the

media has given the privately-funded BGA wider scope in on the make."

Part private detective agency and part citizens' group with a strong bent toward the media, expose corrupt city inspectors the BGA is privately funded to the tune of some \$600,000 a legedly plagueing small businessmen has become part of Chicago's folklore and inception, the BGA had begun ten years after it happened. This involved setting up the fraud in Chicago elections, Mirage Tavern with a newspaincluding the intimidation of per and television crew. The This involved setting up the cameras filmed from behind a double glass door as a succession of city building inspectors city elections and last year filed turned a blind eye to dangling a lawsuit in a state court alleg-wires and corroding pipes in

return for payoffs.

The bar bore witness to recalls Mr Lyons. cheating it had not even expected, attracting state liquor inspectors who demanded cash

\$4.3bn in new loans last

year. A source said most

countries that made heavy repayments, such as South

not need new money. Others such as Brazil - the Third World's biggest debtor and Yugoslavia have sought

rea and South Africa, did

Repayments to IMF top

Deborah Hargreaves reports on a not-so-positive test of integrity

and Soviet Union in Geneva on

ate spring or early summer.

Separately there have been

took half of the machine's weekly income without declaring it for tax and accountants specialising in keeping two sets of books. We've been accused of being

the champion of lost causes," from the scrutiny of the explains Mr Lyons' BGA chief finances of a Supreme Court investigator, "but we try to provide an investigation, where ment aid for Norwegian moththere is no other medium for people to complain." Back in the 1970s, this led the BGA to look into several Chicago-area abortion clinics, which had been accused of per-forming abortions on women of the Bepublicans," says Mr who were not pregnant as well Lyons, but the BGA tries to

as incompetent medical work remain non-partisan. The on those that were. "We sent in group's enemies are countless, a urine sample from a 6ft 4in, it says, and Mr Brunner's bearded investigator and the friends keep asking him why he result came back positive," At the time, women who were dissatisfied with service at the clinics were too embarrassed to cago." This is what keeps busi-

Many countries have been

is attached to IMF loans.

Loans outstanding from

the Fund amounted to

\$38.6bn at the end of 1987.

The Fund's monthly IMF

reluctant to seek the Fund's help because of strict condi-

major new loans.

tate law requires.

for liquor law violations, a speak out. The investigation, nessmen supporting the organiWhile the BGA's crusades vending machine operator who however, closed three clinics saton, Mr Lyons stresses. loans by \$5.9bn in 1987 memorandum stated that

is not dead yet.

its repayment surplus was due to big receipts from 10 countries: South Korea, Brazil, India, South Africa, Yugoslavia, Turkey, Pakis-tan, Hungary, Bomania and-Portugal Some borrowed heavily in the early 1980s

WORLD TRADE NEWS

Jim Bodgener in Ankara on a project which many doubt will come to fruition

Iran plans for oil outlet through Turkey

oil pipeline through Turkey has produced an additional twist to Ankara's delicate balancing act between its warring neigh-Senior officials of Botas, Tur-

neering studies.

The pipeline, estimated to cost around \$2.6bn, has become

a long-standing ploy in rela-tions between Ankara and Teh-ran, they say. According to this view, the signing of an interim protocol between relatively low

ranking Iranian and Turkish

ministers on January 14 to build the line is yet another manoeuvre in the uneasy rela-

tions between the two coun-

with a terminal at Dortyol on Turkey's south-east coast, and

will have a capacity of 1m bar-

rels a day.

key's state pipeline agency, are adamant that the sluggish, 30year old scheme has started to move seriously. But sceptical diplomats still doubt whether there is any new urgency behind the project, despite the fact that international bids are to be invited from companies early this month for basic engi-

Purchases of the gas by Turkish state pipeline agency Botas from Algeria's Sonatrach will start in 1992.

The scheme to import Algerian gas will involve the construction over three years of an import and processing terminal at Eregli on the Sea of Marmara.

pipeline being built from the Bulgarian border up to Ankara for imports of Soviet natural Botas officials stress that the

pledged to extend natural gas
supplies to as many as possible
of Turkey's main cities and
towns during its second term of
government, not Tehran. When

the Soviet gas in case disputes arise with Moscow. Agreement on Algerian gas imports permits Botas to invite construction tenders for the Eregli complex and pipeline. Designs have already been drawn up for the project, and a preliminary short-list of bidders has been formulated.

The commission also decided that both countries should aim for a bilateral trade volume of \$1bn annually.

Two joint venture companies to operate in both countries and third countries will be established, one an industrial and financial concern, and the other a commercial operation. The two sides also agreed to develop shipping, technical, scientific, and communications co-operation.

co-operation.

Mr Evren's visit was aimed at removing ill-feeling in Algiers caused by laggardly Turkish recognition of the government of President Chadli Benjedid in 1979

When other countries backed the US position that all quotas had to be scrapped. Japan blocked council acceptance of the report.

It had been assumed that Tokyo would this week agree to lift ourse in eight compared these councils.

reached in January between a short-term exigency, made Tehran and Ankara to build an necessary by the impact of the tanker war in the Gulf on Iranian exports. Botas officials say that Tehran wants the pipeline to provide cheaper long-term access to European markets than loading at the main Kharg Island terminal in

Discussions for an Iranian gas export line through Turkey are far less advanced, say the offi-cials. The two sides are still working on a marketing survey for the potential demand in Turkey. At a further and more distant stage, the gas line would be extended to Europe,

Another development tending to support scepticism about the trans-Turkey crude line is the revival since late last year by Tehran of a second export pipe-line scheme down the Gulf. This is a short-term expedient to avoid the Gulf war. A contract valued at around \$1.5bn to build a 380-km line was nearly awarded before the scheme was shelved about two years ago. Now contracting sources say that Tehran may be close to According to the latest scheme, the 2,000km pipeline will link Iran's Ahvaz oilfields making an award to Italy's Sai-

backed Kurdish guerrillas in which when built will be a advantage while Iraq towards Iraq's export source of lucrative transit fees. receptive mood.

Tehran may want to make political capital out of the trans-Turkey project, nevertheless, say observers. It may have acceded to Turkish pressure temporarily in order to bolster its relations with Ankara against proposation from the signing the protocol, a senior against provocation from the Iranian official stressed that recent advances of Iranian-

TURKEY DORTYOL Tehran SYRIA IRAQ IRAN Baghdad •

of Iranian revolutionary guards attempting to cross Turkish territory to join the guerrillas. Promoting the pipeline scheme is therefore an apt balance weight for Tehran.

Turkey for long has sought to tie the Iranians down to a firm commitment to the export line,

Iraq towards Iraq's export pipelines.

These also terminate in Turkey, at Yumurtalik just across one of the wealthiest government agencies in Turkey.

Dortyol, and with a capacity of 1.5m b/d are Iraq's main export lifelines. Turkish security forces are increasingly intercepting and repatristing bands surce of lucrative transit fees. Royalties from the Iraqi pipelines negotiating hard details like negotiating and transit fees. These are the most difficult nurdles to overcome. Botas has been negotiating and transit fees. These are the most difficult nurdles to overcome. Botas has been negotiating and transit fees. These are the most difficult nurdles to overcome. Botas has been negotiating and transit fees. These are the most difficult nurdles to overcome. Botas has been negotiating and transit fees. These are the most difficult nurdles to overcome. Botas has been negotiating and transit fees. These are the most difficult nurdles to overcome. Botas has been negotiating and transit fees. These are the most difficult nurdles to overcome. Botas officult nurdles to overcome of increative transit fees. ting a transit fee acceptable to Iran could prove to be the larg-

est stumbling block.

Whatever the scepticism therefore, the pipeline looks set to be high on the agenda when Mr Ali Akbar Velayari, the Iranian Foreign Minister, visits
Ankara on February 15. Turkish officials say that both sides
want to iron out all the details want to fron out all the details of a firm agreement by the time Mr Turgut Ozal, the Turkish prime minister, visits Tehran in March, so that a final accord committing both governments to actual construction can be signed. Whether that will be in the short medium at the short, medium or long term is still a moot point, the Botas officials concede.

Ironically, construction may start sooner on a third export pipeline through Turkey for Iraq. This 300,000 b/d line will run between Iraq's Ainzale fields and Turkey's Batman refinery, from where an export line already runs to Dortyol. Technical studies started in January, and given the rapid progress on other traqi export lines, construction tenders could be invited by the second half of the year.

Japan to lift curbs on 10 farm products BY WILLIAM DULLFORCE IN GENEVA

ruling by a Gatt disputes panel that it should lift import restrictions on 10 categories of farm products.
But it created some confusion

statement in the Gatt council but had not done so by the end of the first session.

those in the two categories. When other countries backed

council on the state of the world trading system, William Dullforce writes. Hitherto, the twice-yearly reviews of governments

 cheese, lactose, dairy prepara-tions, sugared food prepara-tions, processed beef, tomato juices, tomato sauce and ketchup - and to pay compensa-tion for continuing restrictions on starch and powdered milk.

However, in its initial state-

The report covers the period from April to September 1987, and details 135 go-called "grey area"

China urges US to ease high-tech curbs

the US position that all quotas had to be scrapped, Japan blocked council acceptance of the report.

It had been assumed that Tokyo would this week agree to lift quotas in eight-commodities

The fee, which was charged at 0.22 per cent of the value of the goods imported, raised the goods imported, raised the first 10 months of operation.

The fee, which was charged to 0.22 per cent of the value of the goods imported, raised provisions.

The fee, which was charged to 0.22 per cent of the value of the goods imported, raised provisions.

Silkworm missile sales to Iran.

Mr Yeutter and Zheng also government had been nullified operation.

The fee, which was charged to 0.22 per cent of the value of operations on the issue negotiated with the Canadian government had been nullified operation.

The fee, which was charged to 0.22 per cent of the value of operation negotiated with the Canadian government had been nullified operation.

Mr Yeutter and Zheng also operation.

The fee, which was charged to 0.22 per cent of the value of operation negotiated with the Canadian government had been nullified operation.

Mr Michael Samuelson, head lations and practices, the EC lations and practices, the EC charged.

مكذا من الاصل

debt-equity swap scheme. 1987

EC and Efta list Turkey and priorities for free trade zone

MINISTERS of the European aid, public procurement, and Community and the European agricultural trade.

Free Trade Association yester- But Lord Cockfield, the EC day set out their political and technical priorities in negotiaions towards an 18-nation free trading zone by the early

By signing a joint declaration, the EC essentially committed itself not to let its drive to create an internal barrier-free market by 1992 disrupt its of development. Iarge trade flows with Efta, while the six Efta members formally recognised the absolute EC priority on its own structural integration.

Both Mr Martin Bangemann,

the West German Economy Minister representing the EC presidency, and Mr Pertti Salolainen,
Trade Minister of Finland,
which currently holds the Efta presidency, proclaimed pragmatism as the keyword for forth-coming negatiations between coming negotiations between Brussels vital for them.
the two trading blocs.
The Finnish trade minister

These negotiations will start in earnest at a meeting at speak for any of his Efta collegues on possible EC membership. But Efta officials argue that current negotiations, if sets out negotiating priorities, successful, would at least successful at lea Yesterday's joint declaration sets out negotiating priorities, which include work on technical standards, rules of origin, semiconductor patent protection, the transparency of state

financial institutions.

raised in time.

bank to begin operations in the

Fresh delay in start-up

of Caricom trade bank

THE Caribbean Economic Com- for exports from member-states munity's efforts to launch a to third-country markets. \$16.5m (£9.1m) bank this month to finance trade have Community member-gov ments are to provide \$11.5m, with \$3m from the Caribbean been delayed because of diffi-culty in obtaining backing from Development Bank and the Officials say they expect the

Summer.

It is the second time start-up has been delayed. It was originally planned to begin operations in the Officials of community governments explained that international financial institutions wanted to see the new bank ing last year with capital of functioning before they com-\$75m, but this could not be mitted themselves.

aised in time.

The value of trade within the Caribbean community fell by 33 13 English-speaking countries per cent in 1986 to \$290m,less in the Caribbean, says the bank than half the 1981 level.

Is needed to halt a five-year the community's secretariat

remainder from the private sec-

is needed to halt a five-year The community's secretarist decline in the value of trade has reported that the value of between its members. It is proposed that the bank provides last year was 1.4 per cent pre- and post-shipment financ-ing for intra-regional trade, and period of the previous year.

Algeria in LNG accord

TURKEY has reached agreement with Algeria for the import of 40m cubic metres of liquefied natural gas over the next 20 years, according to the semi-official Anatolian Newsa-

The agreement follows a visit to Algeria by Turkey's Presi-dent Kenan Evren in mid-Janu-Purchases of the gas by Turk-

From here, a pipeline will be built to connect with another

Algerian gas will supplement Soviet supplies - which will rise to 6bn cubic metres annually in the 1990s - at times of peak The Turkish government has

Botas officials deny that Algerian imports are intended to serve as a replacement for

APAN yesterday accepted a

about its intentions by saying it would implement all the panel's findings except those covering starch and milk powder. The Japanese were immedi-ately challenged to clarify their

in December, when the panel ruled in favour of a US complaint, Japan agreed to remove all its quota restrictions, except

GATT has for the first time this week published a secre-tariat report to the Gatt

trade policy actions and protectionist measures have

ment Japan made no mention of

been regarded as internal documents. From now on, they will be made public.

The report covers the period from April to September 1987, and details 135 so-called "grey area" measures taken by governments which were inconsistent with Gatt rules.

Dean Community and Canada that the fee charged was not commensurate with the real was being applied for protectionist reasons or to cover services not directly related to the processing of imports, the two for countries argued.

The fee, which was charged to the processions of the value of the concessions on the issue the period from April to September 1987, and details that the fee over the marketing 2 the EC over the marketing 2 that the EC over the mark

said the administration would submit a legislative proposal to Congress in the spring so that the fee would conform with the panel's ruling. He hoped it would be enacted by October.

CHINA yesterday urged the US to end "some irrational practices" regarding high-technology.

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(wenn Sie wünschen, rufen wir Sie zurück).

Oder schreiben Sie uns – z.H. Herrn Helmut Lindenau, Commerzbank AG, Postfach 100505, D-6000 Frankfurt am Main 1 –, was Sie bisher gemacht haben und welche Vorstellungen Sie für Ihre Zukunft haben. Vielleicht finden wir eine gute Verbindung Ihrer und unserer Möglichkeiten.

1020



MARX AND THE **MARKETS:** SHALL WE DANCE?

Hungary's new push towards market disciplines is on. But how long can Marx and the market-place keep up the dance?

Also to be found in the FEBRUARY ISSUE OF THE BANKER:

- *Sterling Commercial Paper:
- The market is overcrowded with too many deals. Result: It's tough to make money.
- Trading in futures and options is no place for amateurs, as October's crash proved.
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In accordance with the provisions of Clause 6(G) of the Trust Deed, dated 20th Jurne, 1986 between Brunsgold Australa (Cayman Islands) Limited, Brunswick N.L., Normandy Resources Nt. and The Law Debenture Trust Corporation p.l.c., notice is hereby given to the holders of the U.S. \$4,200,000 4½% Secured Series & Bonds due 1994 and to the holders of the U.S. \$4,200,000 4½% Secured Series B Bonds due 1994 that Normandy Resources Nt. will be irrevocably released on 23rd March, 1988, from its obligation to guarantee the exchange by Brunswick Nt. of Bonds for gold (defined in the Trust Deed as the "Exchange Rights Guarantee"). Condition 3, Clause 6(G) of the Trust Deed provides that Normandy Resources Nt. shall be released from the Exchange Rights Guarantee if the Consolidated Tangible Net Worth of Brunswick Nt. exceeds A.\$ 60,000,000 and all amounts due under the Exchange Rights Guarantee in respect of the Bonds have been paid in full. These conditions were met as of 24th December 1987. Prior to these conditions being met no notice had been given by the Trustee bringing the Exchange Rights Guarantee into effect in accordance with the provisions of Condition 4(b), Clause 14(D) of the Trust Deed.

February 3, 1988

Public Notices

THE BROKEN HILL PROPRIETARY COMPANY LIMITED



Notice of Meeting

Notice is hereby given that an Extraordinary General Meeting of The Broken Hill Proprietary Company Limited will be held in the Basement, BHP House, 140 William Street, Melbourne on Thursday 25 February 1988 at 9.30a.m.

Special Business

- To consider and, if deemed fit, pass the following as an ordinary
- (a) the Share Purchase Deed referred to in the deed between the Company and Bell Resources Ltd dated 21 January 1988;
 (b) the deed between the Company, Michael Robert Hamilton Holmes & Court, Sell Resources Ltd, and The Bell Group Ltd deed of Learner 1999.
- Holmes à Court, Beil Resources Ltd, and The Beil Group Ltd dated 21 January 1988;
 (c) the Agreement referred to in the deed between the Company, Elders IXL Limited and Beswick Pty Ltd dated 21 January 1988; and (d) the Securities Sale Agreement between the Company, Harlin Pty Limited, Yolla Pty Limited, Inter Pty Limited and John Domnan Elilott dated 21 January 1988 and the letter agreement between the Company and Harlin Pty Limited of the same date, each in the form tabled by the Chairman at the meeting be approved, and that each purchase, allotment or disposal of shares pursuant themsto be agreed to.

eto be agreed to:

M.J.JANES, Secretary 27 January 1988

COMPAGNIE FINANCIERE ET INDUSTRIELLE DES **AUTOROUTES - COFIRCUTE** 9% 1974/1989 Loan of UA 17,000,000

Bondholders of the above bonds are informed that Bonds for a nominal amount of UA 2,380,000 were drawn on January 20, 1988 in the presence of a Notary Public, for redemption on March 12, 1889. Notice of the control of the control

February 3, 1963

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MANAGEMENT **EDUCATION AND** TRAINING

Publication date 22 March 1988 Copy Date 8 March 1988

The Financial Times proproses to publish this Survey on the above date.

A number of areas will be covered including:

- * What is to be done about British Management?
- * How do Managers actually think? * How can "Intuitive" thinking be improved?
- * How are leaders developed and teams built?

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FT LAW REPORTS

Partners' moving expenses are tax deductible by firm

MacKINLAY V ARTHUR YOUNG McCLELLAND MOORES & CO

Court of Appeal (Lord Justice Slade, Lord Justice Balcombe and Lord Justice Stocker): January 29 1988

A FIRM'S contribution to a partner's removal expenses is deductible from its taxable profits irrespective of whether he benefited personally, if its collective purpose in making the payment was wholly and exclusively to benefit its business.

The Court of Appeal so held when allowing an appeal by Arthur Young McClelland Moores & Co, a firm of chartered accountants, from Mr Justice Vinelott's decision on an appeal by the Revenue from Special Commissioners, that its contributions to partners' house moving expenses were not tax deductible.

Section 130 of the Income and Corporation Taxes Act 1970 provided: In computing...profits...to be charged under...Case II of Schedule D no sums shall be deducted in respect of - (a) any disbursements or expenses, not being money wholly and exclusively laid out or expended for the purposes of the trade, profession or vocation.

LORD JUSTICE SLADE said that the firm had 95 partners and 1,400 employees. It had 15 offices in various parts of

England and Scotland. The Special Commissioners found that it was the firm's policy that any partner or employee might be requested to move for the benefit of its business. To make that policy acceptable, the firm made a substantial contribution towards removal costs.

During the accounting period May 1 1979 to April 30 1980, the firm incurred expenditure of £8,568 on the relocation expenses of two partners, Mr Wilson and Mr

Mr Wilson moved from London to Southampton and Mr Cooper moved from Newcastle to Bristol. Neither partner would have moved had his relocation expenses not been borne by the firm.

Section 130 of the Income and Corporation Taxes Act 1970, then in force, provided that in computing the profits

not deductible if they were not "wholly and exclusively" laid out for the purposes of the profession.

Section 152 provided that ried on by two or more persons jointly "a joint assess-ment shall be made in the partnership name."

The commissioners held that the \$8,565 expenses reimbursed to Mr Wilson and Mr Cooper were "wholly and exclusively" laid out for the purpose of the firm's profession, and were therefore deductible in arriving at its

taxable profits.

An appeal by the Revenue was allowed by Mr Justice Vinelott.

On the present appeal from his decision the question was whether the commissioners' whether the commissioners' findings of fact entitled them to infer that the expenditure was wholly and exclusively incurred for the purposes of the firm's profession.

Before Mallating v Drummond [1983] 2 AC 861 it was believed that in acceptaining

believed that in ascertaining the purpose of expenditure, the spender's state of mind was the only relevant factor. In Mallalieu, which concerned the right of a female

barrister to deduct the cost of court clothing the House of Lords decisively rejected that view of the law. They considered that no inquiry into the taxpayer's mind was necessary "in obvi-ous cases which speak for themselves." They held that

the case fell into that category because it was inescapable that one object of the expenditure was the provi-sion of clothing "needed as a human being." On the present appeal Mr Moses for the Revenue submitted that expenses incurred

business purposes. He said the very nature of the expenditure, as serving in part to meet a human need, obliged the commissioners to hold that it was incurred at least in part for private purposes.

Mr Justice Vinelott gave a
helpful description of the three stages involved in assessing partnership profits

must be ascertained. Second, the firm's income for the year was then treated as divided between the partners. Third, the tax payable was calculated according to the circumstances of each partner, ie, after taking account of any personal allowances, reliefs or deductions to which he was entitled, and any higher

The authorities showed that at least for the purpose of conducting the first stage, a partnership was to be treated expense though the recipient was one of its members.

rate of tax for which he was

Heastie (1933) 18 TC 305 ever, a payment to a partner other than for services to the firm, was treated to be contrain the purpose of the expenditure, at least primarbily, by the partnership's collective purpose in incomplete the purpose of the expenditure, at least primarbility, by the partnership's collective purpose in incomplete the purpose of the expenditure, at least primarbility, by the partnership's collective purpose of the expenditure, at least primarbility by the partnership's collective purpose of the expenditure, at least primarbility by the partnership's collective purpose of the expenditure, at least primarbility by the partnership's collective purpose of the expenditure, at least primarbility by the partnership's collective purpose of the expenditure, at least primarbility by the partnership's collective purpose of the expenditure, at least primarbility by the partnership's collective purpose in the partnership in the partne firm, was treated as an expense. Whether it passed the "wholly and exclusively" test was another matter.

The payments to Mr Wilson and Mr Cooper could not be regarded as payments for services rendered to the firm in their capacity as partners. They clearly fell to be deducted in ascertaining partnership profits at the first of Mr Justice Vinelott's three

The question was whether section 130 precluded them from being deductible at the third stage.
The effect of section 130(a)

must be to exclude money spent by the firm unless it could establish it was spent exclusively for the purposes of its profession as a firm of chartered accountants. Unless the taxpayer and the

by an individual in moving house could never be incurred person benefiting from the "wholly and exclusively" for expenditure were the same person, it was the taxpayer's object, not the beneficiary's, which had to be ascertained Mr Justice Vinelott con-cluded that the commissioners' decision was insupportable, on the basis that expenditure which in the case

be treated as serving a dual

purpose, could not in the case of a large partnership be

of a profession within Case II . First the profits of the firm, treated as wholly and exclusion of Schedule D, expenses were not of the individual partners, sively for the firm as a sepanate of the state of the firm as a sepanate of the state of the st sively for the firm as a sepa-rate entity.

The analogy between the sole trader and a partnership in which one partner was the beneficiary was misleading

Section 130(a) directed attention to the object of the spender, not the recipient. In the case of a sole trader it was impossible to differentiate between the objects of the taxpayer as spender and as

In the case of a partnership, where the payer and the benconducting the first stage, a partnership was to be treated as a separate entity from the partners, and it could therefore incur a deductible expense though the recipient was possible (as it was not in Mallotteu) to evaluate the payer's objects separately from those of the beneficiary.

Where the payer was a Heastie (1933) 18 TC 305 partnership, save where the and Watson-Everitt 18 TC 402 nature of the expenditure established or illustrated that spoke for itself, a proper a payment made to a partner application of section 130(a) for services rendered to his required the Revenue to ascertain the purpose of the

> An inquiry into the sepa-rate minds of 95 partners was impractical and inappropriate. It was the collective purpose of the partnership as a whole which had to be ascer-

There was no reason why a payment to a partner, which happened partly to meet his human needs, should neces-sarily fall foul of section 130.

Having regard to their find-ings of fact, the commissioners were well entitled to draw the inference that the expenses were incurred wholly and exclusively for the purposes of the firm's profession, and to regard the benefits received by Mr Wilson and Mr Cooper as merely incidental to the achievement of those purposes.

The appeal was allowed. Lord Justice Balcombe and Lord Justice Stocker con-

For the Revenue: Alan Moses (Inland Revenue solicitor) For the firm: Andrew Park QC (McKenna & Co) of an individual trader would

Rachel Davies Barrister

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المكذا من الأجل

AN IMPORTANT step toward of the chemicals in depleting

phasing out the use of chloro- the earth's ozone layer was

fluorocarbons (CFCs), which recognised.

AT&T's replacement for

are thought to be destroying. AT&T's replacement for the earth's ozone layer, has CFCs is a substance that is been announced in Washing- derived from citrus rinds,

ton by AT&T, the US telecom- pine tree bark and other wood

The company says it has degradable solvent is pro-

identified and begun to use an duced by Petroferm Inc of

alternative solvent in its elec- Fernandina Beach, Florida.

tronic circuit board manufac- All components of Bioact turing plants and is offering EC-7 are either generally

to provide the technical regarded as safe or are actu-

know-how to other electronics ally authorised in the US as companies.

Electronics and semiconduc-tor manufacturers are among the biggest users of CFCs. The chemicals are widely used as solvents to remove soldering quarter to a third over the

flux residues from electronic next two years, components, especially on "Bioact is not a cure-all,"

advanced surface mount cir- concedes David R. Chittick.

cuit designs such as those AT&T Vice President. But he

used in most personal com- believes the new solvent will

The problem of replacing tion toward enabling electron-

the chemicals in electronics ics companies to reduce their

manufacturing has been a use of ozone-damaging chemi-

munications and electronics

major concern since the role cals.

BILL LUPIEN matched his

skills as a securities dealer

against a computer in 1968

and thrashed it soundly,

much to the chagrin of its

designers. Since then his life

has been a crusade to bring

automation to the world's

He is best known as the

chairman and chief executive

officer of Instinct, a US com-pany which developed and

markets an automated stock

dealing system - in effect, an

electronic market place in competition with established

exchanges. It is used by some

300 broker/dealers and more

than 100 major financial insti-

Last December, Reuters, the

world's largest electronic publisher, agreed to acquire Insti-

net in a deal which values the

US company at \$71m (\$102m). Within days of the

agreement, Lupien announced his resignation.

In March this year, when he

stock markets.

tutions in the US.

AT&T finds solution that

dissolves ozone problems

BY LOUISE KEHOE IN SAN FRANCISCO

waste products.
Called Bioact EC-7, the bio-

make an important contribu-

Evangelist of live-wire dealing

Alan Cane interviews

a pioneer of the

electronic stock market

novel and advanced trading

software designed "to take

advantage of the short-term inefficiencies in the securities

markets for large institutional

investors," says Lupien. He accepts that his ideas

will prove unpopular with

established dealers. "They

will not like this," he says. "It

will give enormous advan-

tages to outsiders." But he is

When he helped develop an automated small order trad-

ing system for the Pacific

Stock Exchange, one specialist (market maker) brought a

large pair of shears onto the

floor of the exchange and cer-

emorially cut the wires to the

terminal in his booth. Other

Now only 46 years of age,.

floor traders cheered.

is free of Instinct, he intends to establish a new venture. As equities business, an evange-yet unnamed, this will market hist for computer-based trad-

used to fighting his corner.

Currently, Bioact EC-7 can

ectronics products that can

be used to clean only those

be immersed in water during

manufacturing. This will limit

its use to some extent because

some types of integrated cir-

cuits cannot withstand such a

"We are trying to assess how widely applicable Bioact

may be," says Bud Ward, director of environmental and

occupational health at the

American Electronics Associa-

tion. "It almost sounds too

good to be true ... and it may

Nevertheless, he suggests that the AT&T announcement does demonstrate that indus-

look beyond conventional sources to find solutions to

Despite its apparent limita-

tions. AT&T's announcement

has been hailed by environ-mentalists and by the US

Environmental Protection

Agency as a major step for-

ing through practice rather

than training. He learned floor trading with the Pacific

Exchange, going from clerk to president of the Los Angeles-

Jones Templeton in only eight

tronic gadgetry which charac

terises dealing rooms world-wide, Lupien argues that the use of technology in financial

markets is nowhere near the

He believes that dealers will

talk to their dealing systems

and hear a spoken response within a year or two. And he

thinks that all the millions of

dollars being poured into arti-

ficial intelligence in the US

and Europe will soon start to

pay off in the dealing rooms.

Artificial intelligence gives

computers the ability make

His own software, which he

hopes to have on the market by the end of the year, will eventually incorporate intelli-

gence enabling it to learn

human-like judgments.

from its mistakes.

THE COMPETITION...

ultimate.

ased member firm Mitchum

Despite the mass of elec-

" he cautions.

dunking.

made from veneers of dense

eucalypts such as Blackbutt and Flooded Gum.

Current phenolic binders

tend to soak rapidly into

these woods, producing

weak lamination and poor

performance outdoors. The

new adhesive, experimen-

tally superior, is being developed for commercial use, and Monsanto expects

The new plywoods have sufficient strength and

stiffness to allow their use

in new markets. Cargo

freight containers, for

example, would be lighter

than steel designs, accord-

ing to CSIRO. There are also

several building construc-

tion applications to which

the new plywoods could be

use these woods because supplies of the preferred,

rain-forest hardwoods will

dwindle as governments address the atmospheric

de-oxygenation problem that is growing globally with intensive felling in the

Cool Swedes speed

AGA, the Swedish indus-

trial gas company, has

achieved an 18 per cent.

increase in the speed of

glass container production.

It has done this by utilising

liquid nitrogen to cool the blowing air used in manu-

The method, called Cryo-Glass Technology, can be

installed without interrupt-

ing production. Installation

and running costs are such

that production increases of

only three to five per cent

are enough for the system

The technique is uncom-

plicated. At the final blow-ing stage, cold air cooled by

the liquid nitrogen is blown

into the bottles. The amount

of nitrogen is automatically regulated to keep the blow-

ing temperature constant.

Each bottle stabilises more

quickly, by being cooled both inside and out, and

allows the next bottle to be

CONTACTS: IPI: Denmark, 2 632044. Sulzer: UK office, 0262 522262. Cheiten-ham and Gloocester Building Society: UK, 0242 36161. CSIEO: Australia 2 467 6211. AGA: Sweden, 8 731 1000.

moulded sooner.

to pay for itself within one

facturing the containers.

glass production

major rain-forests.

Australia sees a need to

to market it.

NORTH WATCHING

lubricated by sea water.

Injection pumps are used to

force sea water into the oil

The important advantage

of the Sulzer pump is that it

does away with the need

for a separate lubrication

system and the necessity

The weight saving over

pumps of similar power (1.7

megawatts) can be up to six

tonnes. In addition the

absence of a separate lubri-

cation system has cut the

overall length by 26 per cent and reduced the cost of

Since silicon carbide is

one of the hardest sub-

stances known, failure and

replacement of the bearings is unlikely, and the pump can be left to run almost

indefinitely on the sea bed.

The road to guicker

property valuations

PROPERTY VALUERS on the staff of Cheltenham and

Gloucester Building Society

in the UK now have Sharp

facsimile machines and

Motorola cellular radios in

their cars. Thus, a branch

can fax valuation instruc-

tions direct to valuers on

the road. They can then get

to a property quickly,

inspect it and immediately

fax the results back to the

The idea is to speed up

services to mortgage cus-

tomers in this increasingly

The society says the only

major delay remaining is in

gaining access to the prop-

erty. The quickest valuation

time so far is two hours.
An advantage of the

machines is that they can be

removed from the car when necessary and connected to

the valuer's home phone.

Australia seeks out

stronger plywoods

IN AUSTRALIA, the Com-

monwealth Scientific and

Industrial Research Organi-

sation (CSIRO) - in conjunc-

tion with Monsanto Austra-lia – is developing waterproof, strong and

durable new plywoods from native timber.

inated with a patented phe-nolic adhesive and will be

The plywoods will be lam-

competitive market.

for oil seals.

the pump.

wells to push out the oil.

Edited by Geoffrey Charlish

US heads for \$3bn

smart card jackpot

THE MARKET for smart

cards and associated equip-ment in the US will reach

nearly \$3bn in 1992,

according to a new survey by Smart Card Reports, a

division of the Palo Alto

Management Group in the

catch on after their devel-

opment in the late 1970s.

But the US market has

begun to grow and the cards

are already quite widely

used in France, where they

Japan is also rapidly adopting the technology. It will spend \$25bn on cards and equipment in 1995,

according to the Japanese Electronic Machinery Asso-

Smart cards look like

ordinary credit cards. How-

ever, they contain micropro-

cessor and memory chips

and are much more versa-

tile than their simple plastic

For example, a financial

card can accumulate all the

user's transactions as they

occur, without the need to

go on line to a central com-

puter (which normally holds all such data).

In a major US project, the Department of Agriculture

is issuing cards to 56,000 peanut farmers. The cards

will be used to manage the

Department's subsidy pro-

gramme. They will contain each farmer's quota and

current sales data. When a

sale is made, the card will be updated and the latest

position sent to the Depart-

It will thus be possible to

know the status of the

entire subsidy programme

The study undertaken by the Palo Alto Management

Group, "Smart Card Trends

and Opportunities", is avail-

able in Europe from Inter-

national Planning Informa-tion (IPI), Copenhagen, and costs \$1,995.

SULZER, THE Swiss engi-

neering group, has successfully tested an offshore oil-

field injection pump that has silicon carbide bearings

Swiss water down

oil rig lubrication

ment.

at any moment.

were invented.

counterparts.

The cards were slow to

WE'RE TRYING TO CAPTURE THE COMPANY'S NEW ENVIRONMENTALLY

ward. "This is going to make foams, can last a century in

Mazak lifts versatility

of machine tool control

Yamazaki Mazak, the Japa- paths are carried out more

nese machine tool glant, last efficiently. Further, while one week held the UK launch of processor is dealing with cal-

what it claims to be the most culations, the other can be intelligent machine tool concontrolling the machining trol system in the world.

Operation, so leading to

The Mazatrol M32 incorpo- greatly reduced cycle times.

sors which are said to give it which enables cutter paths much higher levels of effi- for a future project to be sim-

much higher levels of effi-ciency than other models. ulated at the same time as a

high processing speeds, but also, because they operate in tandem, enable various manufacturing plant which

operations to be performed opened last year in Worces

lates five times more quickly entirely in Japan. The system

than earlier interactive is now fitted as standard to systems. This means that all Mazak machining centres,

functions such as tapping, and the UK subsidiary cutting of difficult shapes and expects it to help its sales selection of optimum cutting drive into Europe.

the manufacture of plastic rays from the sun.

the atmosphere before break-

ing up to liberate chlorine. Scientists believe this chlorine

can attack the ozone laver

which shields the earth

against harmful ultra-violet

One innovation is a function

workpiece is being machined.

Another time-saving feature

is that acceleration and decel-

eration of the servo motors is

more closely controlled, so

leading to shorter tool-change

The UK launch of the M32

ter, although for the present the M32 is being made

CARING IMAGE

it possible to speed up the phaseout of CFCs, says

David Doniger of the Natural

CFC compounds, which are

also used in refrigeration and

rates dual 32-bit microproces-

Mazak says the result is a

productivity gain of up to 30

CNC (computer numerically

The 32-bit microprocessors

simultaneously.

Mazak says the M32 calcu-

HOW TO STAY ON TOP OF THE MARKETS AND AHEAD OF

not only permit extremely times.

controlled) systems.

er cent over conventional

Resources Defense Council.

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Marie en De

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I don't care if you criticise us, agree with us or disagree with us, just mention us, that is all we ask -David Owen, Leader of the SDP.

There is no such thing as a no strike agreement - Peter Wickens. Personnel Director, Nissan Motor

Manufacturing (UK)
People don't know where to put
their hands when they're guiding
you. They sometimes touch bare flesh Diana, Princess of Wales

Sandwiched between the [then] leader of the Social Democratic Party and the Princess of Wales in The Observer newspaper's Quotations of the Week was the phrase uttered by both Nissan and the AEU at the press conference announcing the signing of the single union agreement.

Anticipating the direction of media interest, the company's press statement included the comment: "The agreement also provides that during the course of such negotiations, conciliation or arbitration, there will be no industrial action but neither Nissan nor the AEU see this as a 'nostrike agreement'. Reference to arbitration is not 100 per cent automatic but what we are attempting to do is to eliminate the need for industrial

Nissan met the trade unions against this background of change and debate. The company was clear as to its intentions and objectives and felt it important that everyone understood that it was not trying to usurp the traditional role of trade

While we would have been happy to have what could be described as a 100 per cent cast iron guarantee of no industrial action it was, we felt, more important to achieve an agreement which could be honoured by all concerned than one which gave everything but which might collapse the first time it was tested

In addition to this we felt it important that as ACAS would be involved in the procedure then the ACAS views should be taken into account. Clearly ACAS has a preference for conciliation before arbitration and, as experience has shown, will try to conciliate before arbitration even when the reference is initially concerned with the latter.

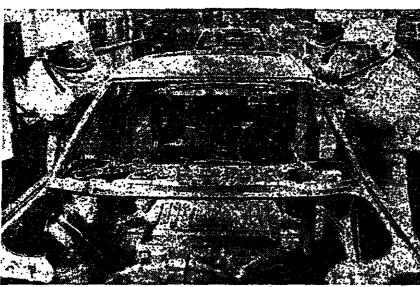
In providing for conciliation it was a major concern of all parties that neither the company nor the union should "keep something up its sleeve for conciliation" - either the company a concession it could afford or the union a claim it was willing to forego. Such attitudes would destroy the spirit of the agreement.

The eventual wording of the negotiations paragraph of the agreement was particularly precise: "The company and the union are totally committed to resolving such negotiations within the company council. How-ever, in exceptional circumstances if this is not possible, the outstanding matters will be referred to the Advisory Conciliation and Arbitration Service for resolution."

The key phrases in this context are "totally committed", and "in excep-tional circumstances". Thus both par-

The single union structure which Nissan UK negotiated for its in-house negotiations and subsequent Washington car plant, outlined on Monday's page, is often cited as an example of a no-strike deal. The company's personnel the final step to arbitration, there is director, Peter Wickens, gives his own view of the reality

Committed to the in-house spirit



Nissan's Washington plant: a particularly precise agreement

need their collective heads knocking

together for something sensible to fall out it was felt that conciliation

was the best method of achieving

At the very least conciliation

would give ACAS a better under-standing of the issues involved and

help clarify those aspects which need to go through to arbitration. It might

even help establish a balance of claims and offers so that a complex

package claim can be more effec-

tively handled. At its best, concilia-

tion might resolve the problem by a third party looking at the issues in a way that was not obvious to the com-

What would be a failure, however, would be the company "finding"

another one per cent at the concilia-

tion stage. This would lead to virtual automatic future reference to concili-

ation particularly if employees per-

ceived that they had nothing to lose

and possibly something to gain -especially if precluded by the agree-ment from taking industrial action at

The agreement, while also provid-ing that reference to ACAS will be

for resolution", also implicitly recog-

nised that this might not always be

possible at the conciliation stage. The

key wording here was: "In the event

tion both parties may agree to arbi-

conciliation not producing a solu-

While, having gone through the

mitted parties.

this stage.

ties were agreed that they would genuinely attempt on all occasions to resolve matters in-house without reference to ACAS. Reference to ACAS on any occasion is regarded as undesirable and would be an indication that people had not worked hard enough to resolve the issues in-house. In themselves such phrases do not prevent a reference to ACAS but if such a reference is used too frequently then clearly ACAS itself might choose to draw to the attention of the parties that not only the spirit but also the letter of the agreement

was not being fully honoured. The paragraph continues: "In the event of conciliation not producing a solution both parties may agree to arbitration. The arbitrator will be required to determine positively in favour of one side or the other. The arbitrator will be asked to take account of those aspects which are already agreed. Both parties agree to accept the decision of the arbitrator . . . During the course of such negotiations, conciliation or arbitration there will be no industrial action.

Thus the intention of both the company and the AEU is that in the exceptional circumstances of non-resolution in-house there will be automatic reference to ACAS for concilia-

Appreciating that the subject of the reference might be complex and that the two parties might simply

no compulsion in the agreement for them to do so. It needs the agreement of both the company and the union to take that step to pendulum arbitration with prior commitment to accept the deci-It follows then that the Nissan-

AEU procedure agreement can end after the conciliation phase. If this is the case, and it is the union that does not wish to proceed, industrial action taken at this time would be constitutional. It is in this specific as well as the general sense that the Nissan-AEU agreement cannot be described

as a "no strike deal". So-called "no strike" deals are, and will remain, rare. An Engineering Employers' Federation study of industrial relations at shop floor level found that 52 out of 53 com-

panies surveyed had no such deal. The reasons given suggested that none of them was contemplating such a move. They felt that they had no need, that the unions could not deliver or that the price would be too high. Most important, there was a dislike of having responsibility for resolution taken away from the par-

ties directly concerned.

There is no doubt that the changing approaches to relationships with aployers is causing concern in the trade union moveme

The fact is that many managements now see the important relationship as being that which it has with its employees rather than the formal relationship the industrial relations professionals have with the trade union officials. (This is very different from the 1960s and 1970s when managements often called in the officials to bring sanity into the proceed-

ings.)
By giving the supervisor a greatly enhanced role and by appointing people who have the capability of managing all aspects of their responsibility, the day-to-day involvement of the professionals is reduced. By going for the commitment philosophy, the relationship between employee and company changes.

This, perhaps more than reduced membership because of unemployment and structural change, is the most significant long-term issue fac-

ing trade unions.

There is no doubt that a different role is emerging for trade unions though it is difficult to predict what the conclusion will be.

Alternatively there is an argument that this is all short term, the circle will turn and in ten years' time we will be back to the attitudes of the 1960s and 1960s. However, it is not possible to turn the clock back changes have taken place and the base has been altered.

Copyright Peter Wickens, 1987. Extracted from The Road to Nissan by Peter Wickens. Published by Mac-milian Press on January 28 1988 at, £29.50 (hard cover) and £12.95 Global competitiveness

Building levels of advantage

Christopher Lorenz on the relationship between structure and objective

SIR JOHN HARVEY-JONES is credited with many achievements in his rumbustious five years as chairman of ICH Britain's largest chemicals multinational, during which the company was transformed from a shaky regional player into a global industry leader.

His best-known skills, which he discusses in his own new book Making it Happen', are motivation and leadership. But his greatest contri-bution to ICI's dramatic revival between 1982 and his retirement last year was much more specific: the transformation of its top executive team from a collection of rival advocates on behalf of indi-vidual businesses and territo-ries into a cohesive body of true directors of the group's best interests.

So says Alan Pink, a man-ager with 25 years of wide experience in ICI who is now the company's general manager – planning. Until all profit and operating responsibility was delegated unambiguously to chief executive officers below ICI's "Executive ture dominated by geographic ture dominated by g

agement tasks.

"A lot of things flowed from development of ICI's major that," Pink told a conference in London on Routes to Global

Working closely with the in London on Routes to Global
Leadership last week. Above territorial companies within all, it had resulted in the provision of greater resources for these businesses are required

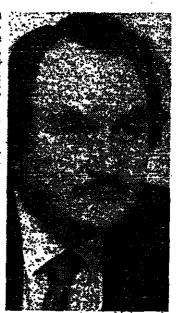
The executive team now said Pink. classifies all ICI businesses couldn't have operated with a "generally constructive".

quadrant like that in its old

style because its members warring and bureaucracy

ness, Pink suggested, had all situations into the same been reinforced by the commould," he said.

pany's post-1983 shift away The importance in global from an organisation struc- competition of improved



Team" (its eight executive territories "under which most directors), the team tended to issues were handled on a local be diverted from setting the basis", to one in which "intergroup's direction into man-national businesses" now

ICI's growth businesses, and to ensure that the business those where it has particular strengths are developed on a truly international basis,

Some friction between the into one of four categories, he international and territorial said: growth businesses; cash legs of any such matrix cows; problem businesses; and organisation was inevitable, new businesses. "The team but at ICI this interplay was

were competing with each which has bedevilled many other" (for group resources), companies' rigid matrix said Pink. The team was now organisations, Pink stressed able to ask, and deal with, ICI's recognition that the parsuch key questions as "Are ticular working relationship we developing enough new (and, by implication, balance businesses?" and "Are we get-ting to grips with our prob-between a given international business and a given territory The impact of this change may be inappropriate for oth-on ICI's global competitive- ers. "We avoid trying to force

organisational effectiveness especially in relation to the role of the corporate centre -was highlighted by several speakers at the conference, which was organised jointly by Britain's Royal Institute of International Affairs and the Strategic Planning Society.

Gary Hamel of the London Business School, a fierce critic of the inadequacy of western top management in the face of stiff Japanese competition. and a consultant to a string of multinationals around the world, called for more companies to emulate the likes of Komatsu, NEC, Honda and IBM in the development and articulation of a clear corpo-

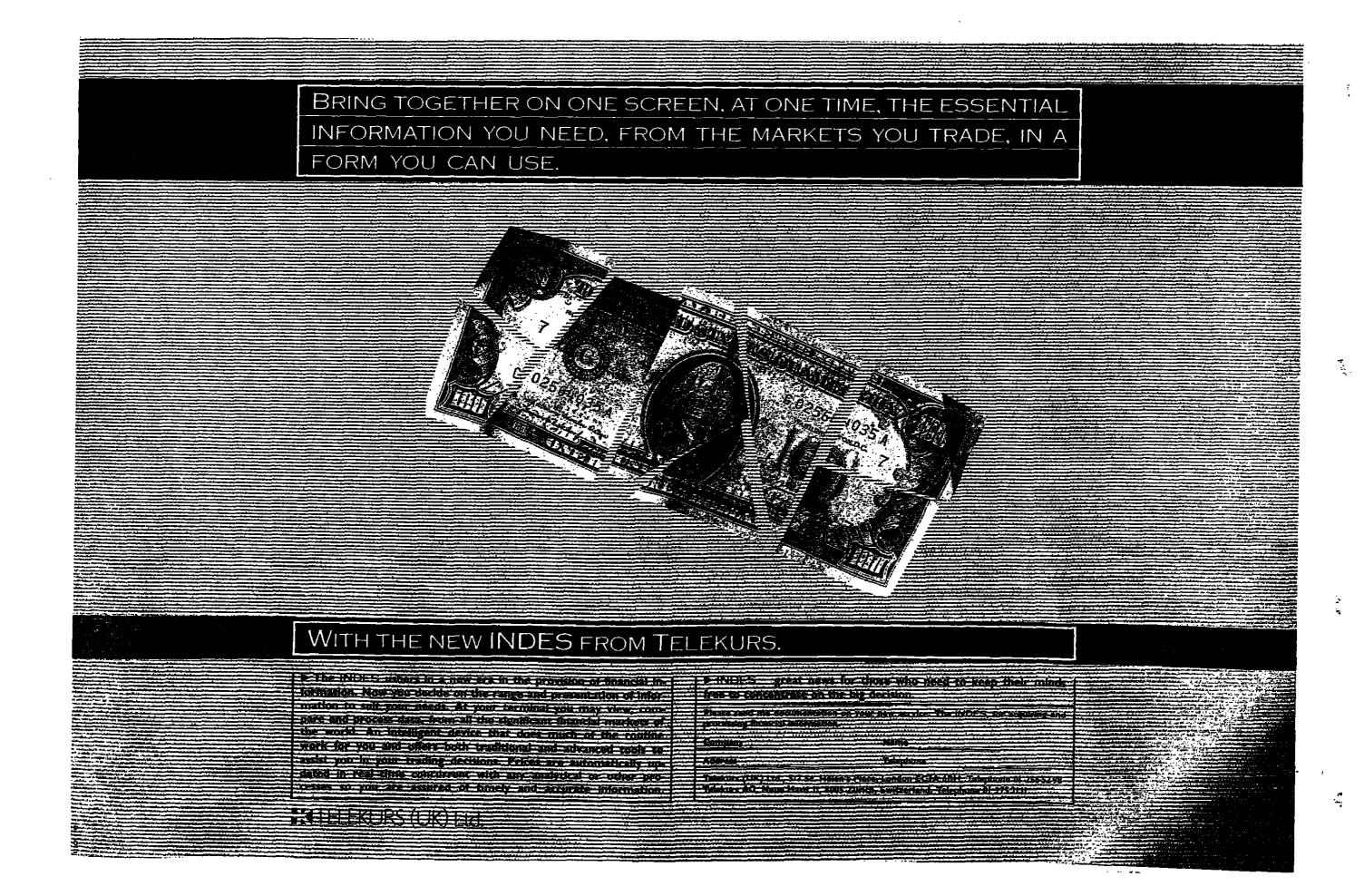
rate "strategic intent".
According to Hamel, this involves far more than just a statement of vision - some thing that has become increasingly popular among western companies in recent

He sees it as an active management process that involves several elements: describing in broad terms a desired competitive position (such as Komatsu's long-standing ambition to "maru-C", or "encircle Caterpillar"); focusing the organisation's attention on the need to win; giving individuals down the organisation sufficient initiative to contribute to the means of winning; and sustaining enthusiasm by con-stantly reiterating the intent, while gradually giving it addi-tional layers of meaning. At Komatsu, for instance,

"encircle Caterpillar" has encompassed a succession of medium-term programmes: first driving down cost, then cultivating export markets, then underwriting new product development, and so on.

Within the framework of this sort of consistent strategic intent, Japanese companies behave opportunistically, said Hamel. As well as combining long-term intent with flexible short-term tactics, Hamel emphasised that "it is the role of top management to build several layers of advantage, and to engage the whole organisation in the development of the new capabilities needed to create them". Sir John Harvey-Jones would sec-

ond that.
* Collins, £12.95



مكذا من الاجل

A preposterous suggestion, you may say. Quite ludicrous. But before you dismiss it as pure fiction, consider the following facts.

ntage

The rate of information growth is doubling every five years. Currently, 6000 new scientific articles are published every week.

An explosion of facts and figures shattering the dreams of anyone hoping to become a Jack-of-all-trades. Indeed, being the master of just one is now a race where the finishing line keeps moving.

Skills and knowledge that may have taken years to acquire can be out of date almost overnight.

Think of the ship designers in the north-east who have had to turn their hand to designing oil rigs.

The plant breeders who have had their world turned upside down by the advent of genetic engineering.

The textile designers who have had their crayons replaced by computer keys. Formal qualifications on their C.V.'s, though important, would have given little indication of their capacity to accept and adapt to change.

WILL TODAY'S GRADUATE BE WEARING A DIFFERENT HAT IN THREE YEARS' TIME?



Of course, if we expect people to have a more flexible, adaptable outlook on work, we must also expect the same of their employers.

So companies must be prepared to do more than just give time off for occasional conferences. They must also allow time off to attend business schools and retraining courses. And maybe more.

Some companies do already. But should we follow the example of countries like Sweden where mid-career breaks of several years are not uncommon? In fact, is it time we reappraised our attitude towards career patterns entirely?

Traditionally, the long serving employee has been held up as the shining example. And, of course, many years of experience in a company can be invaluable.

But in today's fast changing world perhaps we should look more favourably on frequent job changes and regard them as the need to face fresh challenges.

That, in itself, is a challenge that business may soon have to face.

Indeed, in our view, training, or lack of it, is very often at the root of many companies' staffing difficulties.

Yet, sadly some firms still see training as a side issue when compared with, say, providing plant and finance.

According to the latest (1985) MSC figures, the average company spends a mere 0.15% of its turnover on training.

As for ourselves, this year training will cost us some 10% of our income. It's a sizeable sum. But it's one we would not spend unless we knew it would repay us fully in the years to come.

Countants, Advisers, Consultants

In Brief

Peugeot to

'spy' on

network

Peugeot Talbot is to send some 6,000 "spy" customers and teams of engineers from the

Automobile Association to check the performance of its 400-strong dealer network, writes John Griffiths.

Peugeot claims the initiative to be the first by a big UK-

based car maker involving independent assessors. The cus-tomer spies will each make 12

visits to a dealer and report on

Dealers, who are said to sup-port the scheme, are eligible for

cash bonuses for reaching given standards of service under an

incentive scheme introduced two years ago.

how they are treated.

dealer

Nuclear reactor test may be dropped after protests

THE Central Electricity Generating Board may postpone its all forced cooling. test on a nuclear reactor in north Wales planned for Friday February 12, following demon-cooling – but not the reactor – Mr Led strations at the House of Commons yesterday involving Welsh and Irish members of

The test was planned to demonstrate the intrinsic safety of Inspectorate. the British-designed Magnox However, I reactor, for the benefit of the Government's nuclear inspec-

It is part of a programme undertaken by the CEGB which It is part of a programme undertaken by the CEGB which has already undertaken similar — and uneventful — tests on Magnox reactors in Cumbria, in north west England, and Ayre— their fears However he was hal accident.

The CEGB had a long-term stake in North Wales and was deeply concerned that the Welsh had been misled by false comparisons with the Cherno-

These tests are carried out on reactors which have already been shut down to demonstrate that they will continue to cool

'Arsonist may

still be at large'

rail inquiry told

AN ARSONIST "with a predilic-

tion for starting fires on the

Mr Lionel Read, QC, counsel

for London Regional Transport

and London Underground said

that police should continue

investigating whether the fire which killed 31 people was

Mr Read said the King's Cross fire was a tragedy unparalleled

in the Underground's 125-year

history.
Earlier in the inquiry's second full day Mr Roger Henderson, QC. counsel for the inquiry, had said the arson the

ory did not appear to "with-stand analysis."

He had also said that the pace

of events during the disaster

started deliberately

Financial Times Reporter

down safety even if deprived of Eddy Ryder, chief nuclear all forced cooling. CEGB engineers say that if

would be switched back on. The test planned for the Trawsfynydd reactor next week has still to be approved by the Nuclear Installations

However, Mr Frank Ledger, the CEGB member for produc-tion, said that in the light of public concern the board would consider postponing the test, even if it was approved.

Conwy, to attempt to allay their fears. However, he was faced with a hostile audience of about 50 parliamentarians for an hour and a half.

Mr Thomas also invited Mr comparisons with the Chernobyl accident.

The Trawsfynydd reactor had been chosen because it had a particularly well instrumented boiler for the test planned.

replace ageing plant and to meet growing electricity yet reached a decision about the region of \$1.5bn each, would be Britain's first coal plants since Drax "B" in north

Mr Ledger said that the CEGB expected to have the nuclear inspectors' decision on Friday, but would be reviewing both the technical aspects of the test and the strong public reaction, before deciding whether to go

He assured his hearers that there was no parallel with the Chernobyl explosion in the

Generating Board will propose a site at Kingsnorth, on the Kent coast of the Thames. Lord Marshall, the CEGB's chairman, announced the board's intentions while board's intentions while addressing local members of the breakaway Union of Democratic Mineworkers in Nottingh-

BY MAURICE SAMUELSON

The new stations, costing in

The new stations will each burn 5m tonnes of coal a year and thousands of jobs will be

and thousands of Jobs will be created in power plant and civil engineering industries which have been starved of major new contracts for many years.

demand.

England,

amshire.
Local UDM pits are likely to be the main suppliers to the West Burton station. But Lord Marshall coupled his announcement with a warning that Brit.

contracts for many years.

The 1,800MW plants will be located at Fawley, on the south coast of England and at West Burton, on the River Trent, in Nottinghamshire. Unlike the West Burton plant, where planning consent is assured. Fawley may attract local environmentalist resistance.

If planning consent is denied there, the Central Electricity Generating Board will propose

Cooling towers at the Fidditional Sales to British power stations. This left open the possibility that the new coastal station would be supplied with imports.

He claimed that overseas coal could be delivered to the CEGB at about half the price of British coal's average price.

The stations form part of the

Electricity seeks coal-fired plant

ince's electricity industry.

The battle has until now centred on whether new generating capacity should consist of a private power station, to burn local lignite (brown coal), or an increase in coal huming plant at about half the price of Brit-ish Coal's average price.
The stations form part of the CEGB's plant to build 13,000MW (13 GigaWatts) of new generating capacity by the end of the century to meet ornwing overall demand grape.

Drug experts find low salary cure abroad

about whether a private electricity industry would build nuclear stations, the Govern-ment insists that the new stations must consist of nuclear as well as coal-burners.

hands under a plan submitted this week to ministers in Bel-

The scheme, by S.G. Warburg, the merchant bank, is the latest shot in the long-running battle over the future of the prov-

increase in coal-burning plant of the publicly-owned Northern Ireland Electricity. The Government has invited a

private consortium headed by Bechtel, the engineering group, and Hanson, the industrial conglomerate, to submit final plans for the construction of a lig-nite-fired station at Crumlin, ment with a warning that British Coal must further reduce its biggest power stations could be costs to be sure of holding its put partly in private sector final bids.

NIE argues that while it would take seven years and \$500m to build the lignite station, it would take only \$150m and three years to build the necessary coal burning facili-ties at Kilroot power station.

The Warburg scheme is tailored in a way which could enable ministers to square their preference for the private sec-tor with their need to choose the most economically attractive option, Under the plan, Kilroot Two

would be completed on coal. The plant would be the property of the NIE, but the new boilers and generators would be financed and owned by a private sector consortium. vate sector consortium. NTE would operate it under

contract to the private develop-ers and once the capital had been repaid it could revert to the NIE's ownership. US AND EUROPEAN COMPANIES MAKE JOB OFFERS BRITONS FIND HARD TO REFUSE

Carrington move

Lord Carrington, 68, who retires as secretary general of Nato in May, will become the chairman of Christie's international on July 1. He will suc-ceed Mr Jo Floyd, 64, who is to continue as a non-executive

Miners' training call Nottinghamshire members of the Union of Democratic Mine-workers, which broke away from the National Union of Miners after the 1984-85 coal strike, backed leaders calls to train members to take the role of pit deputies. A 24-hour strike by the deputies, who supervise pit safety, resulted in 100,000 miners being sent home without pay on Monday.

Whisky buy-out Inver House Distillers, which blends and markets whisky brands Pinwinnie, Inver House, Green Plaid and MacArthurs, has been bought by its manage-ment from US parent company Publicker Industries in a \$8.05m deal.

BCal resignations The senior directors of British

The senior directors of British Caledonian Airways have resigned their posts following reorganisation of the airline's management following its merger with British Airways. Executive directors Sir Adam Thomson, chairman and founder of the airline, Mr Alistair Pugh and Mr David Coltman have resigned at the request of BA.

THE ELECTRICITY industry will today seek Government permission to build two new coal-fired power stations, to Yorkshire was ordered 10 years ago to help the power plant industry in the North East of

Cooling towers at the Fiddlers's Ferry coal-fired power station in north west England

Thomas Cook ends short-haul holidays

THOMAS COOK, the travel agent and tour operator, is to continue to scrap its short-haul package ing travel; holiday programme to Mediterranean countries because of the terranean. fierce price war in the travel

Underground" may still be at large, the inquiry into the King's Cross station fire in London which killed 31 people on November 18 was told yesterthat the battle for the summer sun market is intensifying. East. Although holiday bookings

shortfall on general uncertainty among consumers and on holidaymakers taking a "wait-and-see" approach.

zon, two of the top tour opera- demand for our tours." tors, announced return flight Sales in January for the comtors, announced return flight as \$29. This was to sell excess airline capacity for this sum-

was so great a senior fire offi-Thomas Cook's move has cer was substantially inaccurate' in his estimates of timing.

Mr Charles Pugh, solicitor for
many of the bereaved and been forced on the company by the fierce competition in the rate in his estimates of timing.

Mr Charles Pugh, solicitor for many of the bereaved and injured, told the inquiry that questions would have to be asked about the 15 minutes before the fatal "flash over" during which "not a drop of water" was put on the flames.

been torced on the company by the fierce competition in the market. It will take effect from October this year. The travel agent sells only about 40,000 of its own holidays to the Mediterranean and has decided that such holidays are not sufficiently profitable for them to remain in the market.

"People are increasingly looking for a long exotic holiday which offers them an unusual experience," said Mr Kerkar. He added that much of ranean and has decided that such holidays are not sufficiently profitable for them to remain in the market.

The company will, however, continue to be one of the lead-ing travel agents for other leading tour operators to the Medi-

Thomas Cook also plans to The move is the latest sign profitable long haul holidays to the battle for the summer the US, Caribbean, and Far

Although holiday bookings have picked up in recent weeks, overall demand for holidays this summer is still understood three times as fast in recent years. The long-haul market is much

last year.

Travel companies blame the shortfall on general uncertainty among consumers and on holidaymakers taking a "wait-and-see" approach.

Last week Thomson and Horizon. two of the top tour opera-

special interest holidays are already running about 15 per cent above the targetted higher level of sales.
People are increasingly

jobs in the US, with a conse-

THE UK pharmaceutical industry is suffering from an accelerating net loss of highly qualified medical staff to jobs abroad, particularly in the US. One reason for the trend,

according to Talentmark, a recruitment agency in Lon-don specialising in medical posts, is that UK-based companies often find it tough to match the overseas salaries and working conditions. Another factor is what

seems to be an increased desire by US pharmaceuti-cal companies with UK sub-sidiaries to locate more top

quent flow of executive staff across the Atlantic.

Dr Tony Chandler, managing director of Talentmark, said: "The drain of staff promises to become a signif-icant problem for the UK industry - but many British companies have not yet woken up to it."

According to Dr Chandler, the number of people leav-ing is small by comparison with the 480 or so medically qualified executives in the UK pharmaceutical indus-He added, however, that the emigrés were in

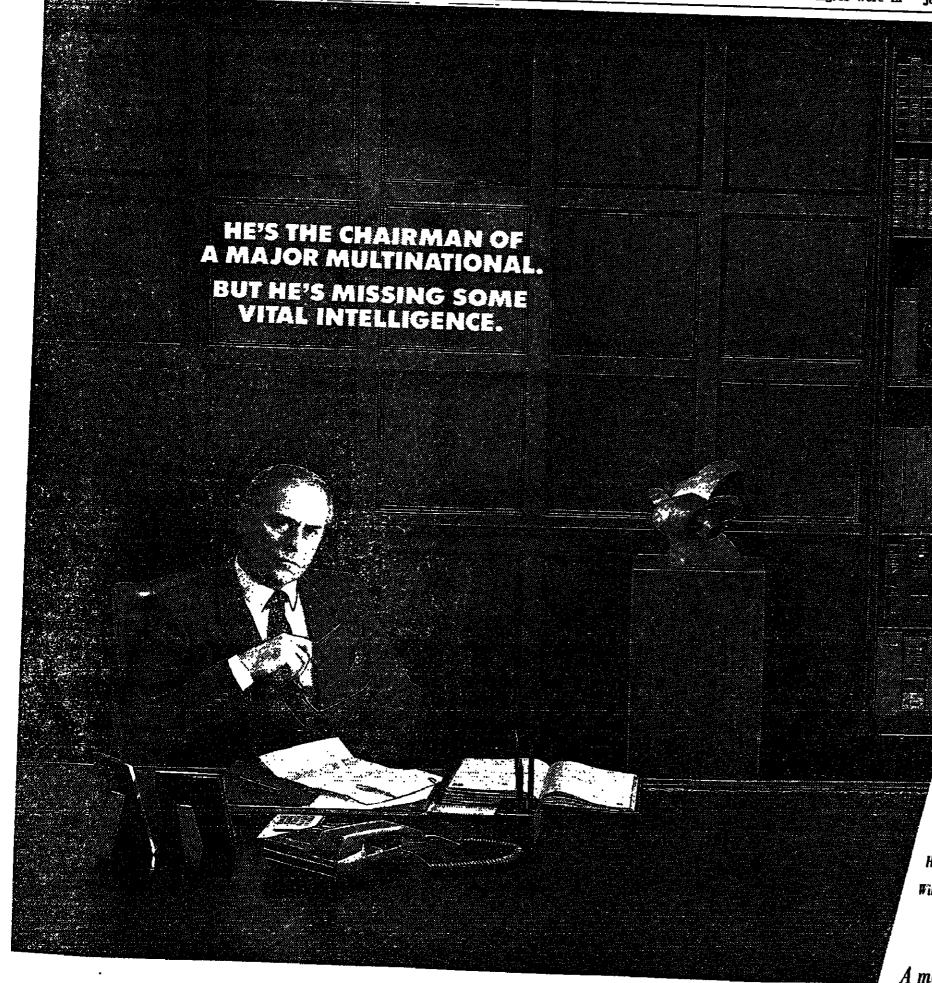
many cases relatively young, gifted people in their 30s whom the UK busi-ness could ill afford to lose.

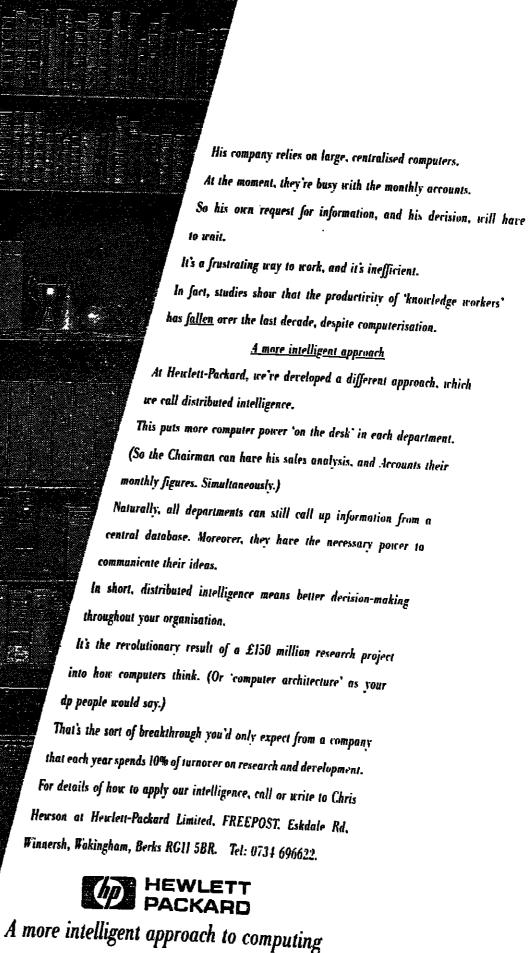
According to a survey by Talentmark, 17 medical executives left the UK-based pharmaceutical industry last year for similar jobs in overseas companies, compared with two entering the industry from abroad.

Four of the jobs were in West Germany, with one each in France, Holland and Hong Kong and 10 in the US. The two people entering the UK industry came from Jobs in the US and Holland. In 1986, 16 people went from medical posts within UK-based companies to overseas positions, com-pared with four going the other way.

In 1982, seven medically qualified staff went abroad, with four coming in.

According to Dr Chandler, According to Dr Chandler, US pharmaceutical companies which in recent years had shown a particular keenness to base more of their decison-making in the US rather than in Britain included G.D. Searle, Warner Lambert and Merck Sharp and Dohme.





UK reserves hit

by debt payment

and weak dollar

BRITAIN'S foreign currency and gold reserves fell by \$1.2bn last month after an official debt repayment and a writedown in

value of a proportion of the reserves to take account of the

dollar's sharp fall in the last quarter of 1987.

As such the revaluation effect gives an indication of the potential losses involved in cur-

rency market intervention to

support the dollar.
Underlying foreign currency reserves, a measure which

strips out official debt repayment and valuation changes, rose by \$38m in January. This compares with a consensus expectation by City of London analysts of a \$1bn rise.

The UK Treasury said the fall in total reserves consisted of

\$538m repayment of public sec-tor debt and a valuation loss of

it has yet to join the system's exchange-rate mechanism - and

as such undertakes to hold 20

per cent of the nation's gold

nd foreign currency reserves

ent in making large loans or the

ation expressed disappointment

over a \$10,000 limit imposed on

unsecured loans.
Mr John Bayliss, general

manager of the Abbey National,

still not been given "level

playing fields to compete with

would give to their lending

an increase in the ceiling on unsecured lending to individu-als from the present £5,000 to £20,000 or more. On asset lim-

its, the proportion of their assets which are not residential

assets which are not residential mortgages, they had hoped for an immediate rise in Class 2 (secured lending) and Class 3 (unsecured lending) to levels close to the maximum permitted limits under the 1986 Act

Here Mr Lilley has dashed hopes. He has held unsecured lending to individuals down to

sending to individuals down to £10,000 and agreed to raise the Class 2 and 3 limits only by stages over five years until they reach their legal ceilings in 1993.

The argument is that building

societies, unlike banks, are nov-ices in the risky business of

lending and must serve an apprenticeship – an argument which found little favour with

The Government has prom-

ised to implement the changes as soon as possible, with the

draft orders going before Par-liament by Easter so building

societies can obtain the nece sary authorisation from their members at annual general

the larger societies yesterday.

The societies had hoped for

activitie

"The £10.000 limit on unse-

general insurance business. The Building Societies Associ-

Schman 3 by

ugeot to

shares, which is facing the threat of being put out of busi-ness by the new City of London regulatory structure, yesterday announced that it would not be paying its shareholders a final

effective membership of the

EMS.
The UK Treasury maintains that the cost of intervention is difficult to measure and depends on the future rate of exchange at which past currency positions are converted.
It says that intervention in past
years has tended to be profitable.

The small size of the underlying rise in reserves in January suprised the City of London which had expected another month of strong growth in official holding of foreign currencies. In December reserves rose by \$3.7bn.

This leads some to think that large dollar positions which were built up earlier in the month to support the US cur-rency were sold to support star-ling later in the month when there was evidence of the pound weakening.

tor debt and a valuation loss of \$660m incurred after the quarterly roll-over of a swap arrangement with the European Monetary Co-operation Fund, the institution responsible for co-ordination of the European Monetary System (EMS).

The UK Government is a member of the EMS - although it has vert to iden the system's The Bank of England is not thought, however, to have par-ticipated with any vigour in the co-ordinated central bank inter-vention early in January. From the Bank's point of view ster-ling was sidelined for most of the month, with the dollar firm and the D-Mark comfortably within its officially desired in European currency units. However, the Government's

Official reserves stood at \$43.09bn (£24.35bn) at the end policy of holding sterling of January compared with within a DM2.96 to DM3 trad- \$44.33bn (£23.49bn) at the end

Harvard Securities will not pay final dividend

HARVARD SECURITIES, one of with £1.9m in the previous the largest market-makers in year. Turnover soared during unquoted, over-the-counter the 1986-87 year to £214m, up shares, which is facing the from £81.2m in the previous the first six-month period.

The reason is that the company lost \$2.5m in the stock to accept the company as an market crash in October. external member.

year, as a result of the "explo-sive expansion and growth" in

However the company says that its business suffered in the second half as a result of the decision by the Stock Exchange

In the financial year to September 30 the company made a pre-tax profit of £714,000 tions for authorisation under (£329,000 after tax) compared the Financial Services Act.

Government grants wider role to building societies

BUILDING SOCIETIES were building societies had asked sheltered from the risks inher yesterday given powers that for. will transform their business Ti

chase funding in Britain - to chases.

compete in sectors such as fund Thou

National's general manager, after hearing details of the

powers given to Building Societies after the Government's

review of Schedule 8 of the 1986 Building Societies Act. The societies had asked for

the review when it became clear early this decade that

most of them found the 1986 Act, which was intended to

expand their range of activities, too confining in a largely dere-gulated, increasingly competi-tive and rapidly changing mar-

ket.
The review establishes the setting within which building societies must now operate, unless they choose to step outside the framework of the Act

Building societies have for

several years felt that they were competing directly with the banks and other institutions

which have invaded their tradi-tional markets, but that they were obliged to play with one arm tied behind their backs.

They hoped that Schedule 8, which defines the permissible range of their activities, would

rill transform their business ctivities.

The societies have been reminded that they are chiefly in the business of collecting - the main source of house pur- savings to fund house pur-

se funding in Britain - to ipete in sectors such as fund allowed to take an equity stake in life and general insurance financial services.

However, the Government in life and general insurance companies and stockbrokers, thas been much more cautious in giving societies higher ceilings on loans.

Unsecured lending to individual has been increased from the present £5,000 to £10,000, a figure well below that the

cured lending to individuals doesn't even allow you to do a

Giving 'novice' lenders a cue

Mational CERTAINGSOCIETY

of the review in a written answer to the House of Com-

mons yesterday, there has been a shift away from banning Building Societies from every-thing except narrowly specified

powers, towards giving them broadly specified powers within which particular activi-

ties are prohibited.
Building Societies can now

offer financial services such as fund management, including that of unit trusts, which have hitherto been closed to them. They may also take stakes in both life and general insurance companies and stockbrokers.

This should bring swift changes in the high street, where building societies are

already wooing customers with a range of services which they

The Government had been

that of Britain's more than 150

building societies, the largest, the Halifax, has assets exceed-

ing £31m, while the smallest

assets of around £3m. Large societies therefore already feel that they have lit-

did not dream of 10 years ago

"THE banks can still do a range Mr Peter Lilley, Economic Seconf things that we can't," said retary to the Treasury, said Mr John Bayliss, the Abbey when announcing the results

end all that.

The Schedule 8 review has provided the societies with some of what they wanted. As to see how much freedom it

nurses hear of secret pay plan

Striking

By David Brindle and Peter

THE GOVERNMENT has pro-posed a system of regional pay variation and discretionary spesaid that buildings societies had cial payments for nurses in its evidence to the profession's salary review body.

The Government's confiden-

tial evidence to the review body has been disclosed in Nursing Times magazine as thousands of nurses and other health workers strike today in protest at the Government's handling Under the proposals, nurses working in inner London could win pay rises up to 12 per cent above basic increases. Those in outer London and some other areas with recruitment prob-lems could win an extra 8 per

allow "just under 3 per cent" for inflation - a move which sparked controversy last night and diverted attention from the generally bigger increases implicit in the proposals. The Royal College of Nursing.

However, the Government

the biggest nurses' union, said it was "crass in the extreme" for ministers to specify such a low inflation figure.

The Retail Price Index is cur-

included in the evidence for a cost-of-living rise. It said it was well known that ministers were interested in "regionalisation"

The cost-of-living increase would be added to these rates.

Mr Hector MacKenzie, general The main government propos- workers' union and lead negoti-

Health workers outside Maudesley Hospital in south London. The strike started a week of industrial action in the NHS

The NHS is Worth

als are suggested pay rates for ator of all the nursing unions, the revised nursing grades in said last night: "It just shows the new, agreed clinical structure how insensitive this Govern-

would get rises by moving on to anger amongst nurses."
the grades: a midwife, for
example, would get a minimum Parliament and Employment rently running at a year-on-year increase of 3.7 per cent. the grades: a midwife, for example, would get a minimum The Department of Health \$7,820 a year compared to

and Social Security last night £7,300 at present; a junior confirmed that a figure of less enrolled nurse would get than 3 per cent had been £6,250, the same as now.

ment is. They just have not Most, but not all, nurses appreciated or understood the

Court action over ferry dispute

UK ferry companies, last night approximately 7,000 NUS mem-announced that they would bers employed in the ferry and seek an enforcement of a High freight sector.

decided to give notice to the High Court that it wished to be heard "as soon as possible" in seek an enforcement of a High freight sector.

Court order against the Worst hit were ports on the Court order against the National Union of Seamen Irish Sea and North Sea coasts

defied the court order and British Industry in Northern caused widespread disruption Ireland, where manufacturing structured as encouragement of to ferry and freight traffic in and the economy in general is strike action and therefore in its first national strike since dependent on sea freight, contempt of court.

SEALINK UK and P&O, both about 80 per cent of the

which could involve heavy where support for the strike fines and sequestration of following meetings was strong union's funds.

The move came as the union head of the Confederation of

Sealink UK said that it had an action of contempt of court brought against the union.

Following consultation with its lawyers, the NUS last night said that it had been instructed that any further statement on the day's events might be con-

1981. warned yesterday that the
The strike which began at midnight on Monday had by last night halted UK-flagged ships in all the major British ports, although a limited number of UK foreign were sailing.

We are saying it is suicidal union laws on the grounds that to engage in any action which will damage the industry of the portion because with the training heavy to the strike would have a crippling that the union has decided to test the UK Government's trade union laws on the grounds that to engage in any action which will damage the industry of the conduct ballots and that the province heavy to the conduct ballots and that the conduct ballots are contempt of court.

However, it is understood that the union has decided to test the UK Government's trade union laws on the grounds that the ports, although a limited number of UK foreign warned yesterday that the union has decided to test the UK Government's trade union laws on the grounds that the union has decided to test the UK Government's trade union laws on the grounds that the union has decided to test the UK Government's trade union laws on the grounds that the union has decided to test the UK Government's trade union laws on the grounds that the union has decided to test the UK Government's trade union laws on the grounds that the union has decided to test the UK Government's trade union laws on the grounds that the union has decided to test the UK Government's trade union laws on the grounds that the union has decided to test the UK Government's trade union laws on the grounds that the union has decided to the union laws on the grounds that the union has decided to the union laws on the grounds that the union has decided to the union laws on the grounds that the union has decided to the union laws on the grounds that the union has decided to the union laws on the grounds that the union has decided to the union laws on the grounds that the union has decided to the unio ber of UK ferries were sailing Province because what you are from Dover, Portsmouth, and doing effectively is exporting pay and conditions in the industry.

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Meet the cast of the Royal Court's production "SERIOUS MONEY" winner of the

1987 LAURENCE OLIVIER PLAY OF THE YEAR AWARD

The Financial Times (a limited number of tickets are available) The Royal Court would like to acknowledge the support of W.H. SMITH and CHAMPAGNE LANSON.

United Glass posts

Mr John Griffin has been director of Hogg Robinson Propappointed managing director of erty Services.

UNITED GLASS, succession Mr John Small, who will retire in May. Mr Griffin is a director of United Glass Holdings and of United Glass. Mr Neil McDonunited Glass. Mr Neil McDon-nell has been appointed a direc-tor of United Glass Holdings. Ms Kay Brown, Mr John Dan-iels, Mr Malcolm Griffin and Mr McDonnell have been appointed directors of United Glass.

SAUNDERS DESIGN, part of the WCRS Group, has appointed Mr Roland Denning as joint

FRASER MARR FINANCIAL SERVICES has appointed Mr Gilbert McNeill-Moss as a director. He was chairman of C. Howard & Partners.

P.J.C. LILLEY has appointed Mr Graham Watts as administration director and group secretary. He was managing director of Coats Paton subsidiaries in South Africa.

Mr Christopher White-Thompson has been appointed to the board of PARRISH. He was a director of Mercantile House Holdings and chief executive of Oppenheimer Fund Manage-

The ABBEY LIFE GROUP direct sales force division has been restructured on a regional basis restrictives on a regional basis under two agency operations directors. They are Mr Dennis Byan, formerly head of Operation Endeavour, and Mr David Poulton, who joins the company in March from Rothmans (UK) where he is sales and distribution director.

Miss Lisa Spiro has been appointed head of public rela-tions in London for SALOMON BROTHERS INTERNATIONAL. She was a director of Charles

TRISTAR DATA SYSTEMS has promoted to managing director Mr Ray Farrenkothen, who was sales director. He replaces Mr John Engelbrecht who is taking a sabbatical.

Mr Hugh Gledhill has been appointed sales and marketing director for the WEDGWOOD

W.J. SHORE & CO., Bristol, has appointed Mr Geoff Grounds, its pensions development manager, to assistant director (pensions), with particular responsibility for group pension

HOGG ROBINSON has appointed Mr John Bryan to Africa the board. He is managing ment.

Mr George Wilson has been appointed production director of OSBORNE ELECTRONICS, Isle of Wight, a division of Crystalate Electronics. He was general manager at Thorn ENI

Mr Alan Brooker has been appointed a non-executive director and deputy chairman and Mr Bob King, managing director of Kode Computers, and Mr Stephen Day, managing director of KAM Circuits, have been appointed executive directors of KODE INTERNATIONAL. Mr Brooker, who was chairman and chief executive of Extel Group, becomes deputy of Extel Group, becomes deputy chairman, and will assume the chairmanship when Mr Ron Marker retires later this year.

THE DELTA GROUP has made a number of organisational changes and appointments. A new group board is being formed and will take over oper-ational responsibility so that the board can concentrate on strategic direction and supervision. The fluid controls and metal divisions are being merged to form a new engineer-ing division reflecting the integration between the company's fluid and gas control business and its metal forming capability. Mr Eddie Garvey will be appointed managing director, engineering division.

Following the move of Hilton International headquarters to London, LADBROKE GROUP has appointed Mr Martin Gatto as HI's chief financial officer, he was finance director of Ladbroke Hotels. Mr Olaf Bonde, senior vice president -Central Europe and Eastern Mediterranean, becomes senior vice president development. Mr John Wilson, assistant manag-ing director of Ladbroke Hotels, is appointed senior vice president - Europe and Africa. Mr Alan Bridle, who was HI's

financial comptroller, will be appointed senior vice president - treasury, following the move to London. Mr Jean-Claude Noel becomes vice president -France, Switzerland and West Africa, from March 1. Mr David Michels, deputy manag-ing director of Ladbroke Hotels, becomes senior vice president sales and marketing (designate). He will replace Mr Fred Enoff, who is due to retire at the end of February. Mr Peter Aird, senior vice president -treasury, and Mr Pierre Jaquillard, senior vice president -Western Europe, Gulf and Africa are taking early retireSteven Butler looks in on Enterprise Oil's North Sea gamble

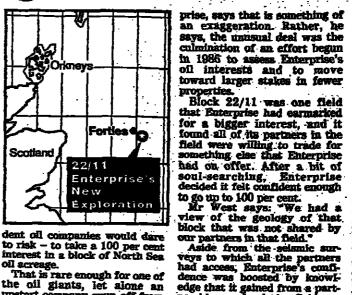
Drilling with a bit of boldness

LOOKING north-west from the deck of the Dundee Kingsnorth, a semi-submersible drilling rig 100 or so miles off the coast of Aberdeen, one can see the linge platforms of the Forties Field pistiorms of the Fornes Field and their yellow flares billow-ing before the wind. Below, through the steel-grey waters of the North Sea, a drill string is turning deeper and deeper into the earth.

If the drill bit eventually ploughs into a big reservoir of oil, it would be a coup for Enterprise Oil, the independent exploration and development company created just four years ago in a government pri-vatisation.

Indeed, a substantial find could be seen as confirmation that the independent oil compathat the independent oil compa-nies do have an important role to play. It might even help to protect Enterprise from the hunger of the big oil companies to increase North Sea acreage. The premium on Enterprise shares, which oil analysis attri-bute to the company's reputa-tion for high quality manage-ment, might widen further if the company succeeds in this

rationalisation." One would have had to read the dry, two-page release rather carefully to recognise that Enterprise had done what few small, indepen-



dent oil companies would dare to risk – to take a 100 per cent interest in a block of North Sea

brotect Enterprise from the hunger of the big oil companies to increase North Sea acreage.

The premium on Enterprise shares, which oil analysts attribute to the company's reputation for high quality management, might widen further if the company succeeds in this bold exploration.

In early December, Enterprise oil acreage.

That is rare enough for one of the oil giants, let alone an upstart company spun off from British Gas in 1983. In a series started with 20 per cent and subsequently acquired all of its learning the company succeeds in this bold exploration.

To hear some oil acreage.

That is rare enough for one of the oil giants, let alone an upstart company spun off from British Gas in 1983. In a series started with 20 per cent and subsequently acquired all of its learning to the oil giants, let alone an upstart company spun off from British Gas in 1983. In a series started with 20 per cent and subsequently acquired all of its learning to the oil giants, let alone an upstart company spun off from Started with 20 per cent and subsequently acquired all of its learning to the oil giants, let alone an upstart company spun off from Started with 20 per cent and subsequently acquired all of its learning to the oil giants, let alone an upstart company spun off from Started with 20 per cent and subsequently acquired all of its learning to the oil giants, let alone an upstart company spun off from British Gas in 1983. In a series started with 20 per cent and subsequently acquired all of its learning to the oil giants, let alone an upstart company spun off from British Gas in 1983. In a series started with 20 per cent and subsequently acquired all of its learning to the oil giants, let alone an upstart company spun off from British Gas in 1983. In a series shares and subsequently acquired all of its learning to the oil giants, let alone an upstart company spun off from British Gas in 1983. In a series shares and subsequently acquired all of its learning to the oil giants, let alone an upstart company spun off from B

In early December, Enterprise to near some on analysis tent in early December, Enterprise to tale, it was an andacious, astounded the oil industry with a studiously understated Enterprise created a smokes announcement entitled "acreage creen of complex deals in order rationalisation." One would to disguise its real intention from negotiating partners. from negotiating partners, which included Chevron, Britoil

Mr Julian West, of Enter-

prise, says that is something of an exaggeration. Rather, he says, the unusual deal was the culmination of an effort begun in 1986 to assess. Enterprise's and to move toward larger stakes in fewer properties.

Block 22/11 mes and follower stakes with core complete.

complete, with core samples under analysis. A second well, drilled from an angle at the same site, will be started imme-

Even a relatively small find would make Enterprise look rather clever. A medium-sized find would open the possibility that Enterprise could operate the field when it eventually the field when it eventually goes into production, and that would vastly raise the company's profile in the industry.

A large discovery, say more than 100m barrels, might put development of the field beyond the resources of Enterprise. In any case, development would have to be co-ordinated with Shell, which holds the licence on a neighboaring property that sits over the same structure. edge that it gained from a part-nership on a bordering field.

Of course, Enterprise did not disclose its full hand and none

of the negotiating partners knew until after agreeing on the deal that Enterprise had built such a hig stake. While Enterprise may seem to have foxed its former partners, one should not underestimate the risk it has beleeved. In another two months, Enterprise will have a better idea whether it has pulled off an enormous coup or made risk it has taken on.

Just a few weeks after The Enterprise staff who amouncing the deal, Enterprise understand the technical aspects of subsea geology cannot the out of mothalis – it had been stacked up for more than for the present drilling operation.

Revenue concerned over bond tax avoidance plan

THE INLAND Revenue is con-cerned about the growing inci-dence of tax avoidance through sophisticated use of inderstion concessions granted in Schedule 19 of the 1986 Finance Act.

Lloyd's underwriting syndi-cates and certain multinational companies have discovered that their investment returns can be enhanced, or tax payments reduced, if they use short-term cost-of-living bonds. Since 1985, such bonds have qualified for an indexation allowance before capital gains tax liability is calculated.

For instance, Lloyd's syndicates have invested large sums from their premium income, perhaps more than £2bn. in index-linked bonds issued by US organisations such as the Student Loan Marketing Associ-ation (Sallie Mae).

Lloyd's syndicates are subject to high rates of income tax, normally the top rate of 60 per cent, as a reflection of the lia-bilities of the wealthy syndi-

cate members. There have been many disputes in the past arising from attempts to avoid these high rates. Such attempts have usually involved converting income to capital, for instance, through the once widespread but now forbidden practice of "bond

It is understood that the potential of the index-linking mechanism has been discovered by some multinational corporate treasurers who use offshore intermediary companies to transfer index-linked UK loans to subsidiaries in highly taxed countries where the interest on the borrowings is deductible.

S Africa seizes assets of British jeweller's

A BRITISH company's assets have been seized in South Africa as part of a case which involves an alleged R80m (\$22.8m) breach of Pretoria's strict exchange control laws.

Government authorities at the South African Reserve Bank have taken charge of a majority parcel of shares in Sterns Diamond Organisation, one of the country's best-known jewellery chains.

The holding, worth more than R10m, was bought last year by Europa Acceptance Group, a London-based private company known formerly as Sylvcrest, which acts as the UK vehicle for the Jacquesson family of South African Indian origin.

Mr Maurice Jacquesson, who faces the charges and was refused bail last Friday, is Exchange but it is no chairman of Sterns. He is a finger to support us."

non-executive director of Europa, and his brother Mr Solly Jacquesson, who lives in exile in Britain, is managing

Europa said it had offered the shares as surety for bail. The shareholding represents about 85 per cent of Sterns's equity and was built up using financial randa, the favourable rate designed for inward investment in South Africa's two-tier currency system. Europa says no Sterns funds have been repstriated to the

Reserve Bank officials took the Sterns scrip from the offices of stockbroker Max Pollak & Freemantie. Mr Solly Jac-quesson said in London: "We have complied with all the rules of the Johannesburg Stock Exchange but it is not lifting a

i e e e

:: 10*37*****



YOU CAN HAVE A SUSHI...ON A LITTLE DISHY



'Sushi', for those unfamiliar with Japanese cuisine, is a dish based on a special vinegared rice. It's usually served as an appetiser.

Sushi is just one of the attractions you may find on the menu at a canteen not in Tokyo, but in Tyne & Wear.

As you've probably guessed, we're referring to the Nissan plant at Sunderland.

Gardner Merchant won the company's catering contract some three years ago, with a brief that required the development of a remarkable culinary split personality. On the one hand, there are 1100 hungry mouths to feed in the traditional English way.

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So after a lot of hard work to master the considerable complexities of Japanese cuisine, you'll find the Gardner Merchant team are happy to serve seaweed alongside the more familiar roast beef and Yorkshire pudding. While Tempura makes a tempting alternative to steak & kidney pie.

And from Japanese and British workers alike, the verdict on the dual-nationality menu is a resounding 'thumbs-up'. Yet another vote of confidence for Gardner Merchant's quality.

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OST CODE	. TELEPHONE

By Michael Cassell, Political Corresponde MR TONY BENN, the leftming MP for Chesterfield who is considering standing against Mr Neil Kinnock for the Labour lendership, last night launched another

sttack on the party's front-At the weekend, Mr Benn criticised Mr Kinnock's "increasingly authoritarian and intolegant" style of lead-ership. His remarks provoked an immediate rebuff from Mr Kinnock, who called on a floud-monthed minority" to

stop obscuring the real issues facing the party. Mr Benn returned to the Mr Benn returned to the offensive yesterday, describing as insulting the party leadership's refusal to support industrial action by groups of workers like the seamen and the partes.

His remarks, made to a meeting in London, follow his abortive attempt at last week's session of the party's

week's session of the party's national executive committee to give unqualified support for strike action by the

Mr Benn was reported by other NEC members to have been openly furious at their refusal to support his emergency resolution, which called on the party to offer all possible financial, industrial and moral backing to the muses if they continued with their strike threat.

Yesterday, he said that

Testorday, he said that generalised expressions of sympathy from the Labour front beach were "just not good enough". He claimed the leadership's failure to provide full support, when it was most needed, explained some of the present disillusionent inside the party and indicated why its electoral strength had slowly drained

away. Mr Benn said that resis-Mr Benn said that resistance to the injustice of government policy was rapidly building up at grassroots level and that Labour would be judged by whether or not it provided active support when it was so badly needed. The hard-left Campaign group of MPs, to which Mr Benn belong, is expected to decide shortly whether to

group of MPs, to which Mr Benn belongs, is expected to decide shortly whether to force a leadership contest this autumn. Mr Benn is con-sidered to be the most likely candidate, with Mrs Audrey Wise, the MP for Preston; being suggested as a possible running-mate.

unning-mate.
Mr Kinnock has repeatedly potentially damaging leader-ship campaign, as he did when Mr John Prescott, the party's energy spokesman. recently threatened to challenge Mr Boy Hatteraley for the deputy leadership.

But opinion within the Labour leadership over the possible impact of a contest appears to be divided. While most believe that a left-wing challenge would end in abject failure, some very senior fig-ures feel that the party's crit-ics should be taken on and mundly beaten,

 A joint, two-day session of the shadow Cabinet and the NEC will begin tomorrow in London. The meeting will be the first since the start of Labour's two-year policy review and will provide the opportunity for the conveners of the seven review groups to report back on progress made so far.

Base rates rise 'to check inflation'

THE Government's determi nation to "keep inflation down" was reflected in the in bank base rates from 8% per cent to 9 per cent, Mrs Margaret Thatcher, the Prime Minister, told the Commons yesterday. She brushed aside a criti-

she brushed aside a criti-cal question from Mr Alan Beith, Liberal spokesman on Treasury affairs, by saying the Government was not prepared to let inflation go up "like the Government was supported".

Thatcher under attack over nurses' pay award Mrs Thatcher responded by in the welfare of either nurses recalling a statement made by or patients and were cynically Lord Carr of Hadley, when, as a using both to further their own member of the Heath Govern-political ends.

ment, he explained that recom-mendations made by other sal-

sons for not fully implement the nurses' 1988 pay award.

is or what the structuring is."
Rejecting further Labour protests, she stressed that, unlike

its Labour predecessor, the

LABOUR MPs launched another rowdy attack on Mrs Margaret Thatcher, the Prime Minister, in the Commons yesterday when she ruled out any advance commitment by the Government to finance fully the pay increase expected to be awarded to nurses in April. There were angry protests from the Opposition benches when she initially side-stepped demands for clarification of the outcome of Monday's meeting between Mr John Moore, the Social Services Secretary, and leaders of the Royal College of

To government cheers, Mrs Thatcher counter-attacked by Thatcher counter-attacked by condemning strikes by nurses, insisting that they would "gravely damage" patients and increase waiting lists which the Government, through the special allocation of £25m in the current financial year, was streament tring to reduce.

current financial year, was strenuously trying to reduce.

Mr Neil Kinnock, the Labour leader, claimed that Mr Trevor Clay, the BCN general secretary, had gained the clear impression that the Government would find all the money required to finance the nurses 1988 pay award resulting from the recommendations of the 1980 pay award residing from the recommendations of the profession's pay review body. "Was that impression correct - yes or no?" he demanded.

Government would not be rely-ing on a prices and incomes pol-icy to depress the pay of nurses

Amendment over school opt-outs turned down

BY PETER RIDDELL, POLITICAL EDITOR

THE Government last night defeated - by 17 votes to 14 -a Tory backbench and opposi-tion attempt to require evidence of substantial parental support before a school is allowed to opt out of localauthority control.

authority control.

Only one Tory MP, Dr Keith
Hampson from Leeds
North-West, rebelled to vote for
his own amendment insisting that 40 per cent of parents in a school had to vote in favour of opting out. The bill at present requires only a simple majority

regardless of turnout.
The vote was during the Commons committee stage of the Education Reform Bill. firming the end of the Inner London Education Authority in its present form is likely tomor-row or next week following dis-cussions by a Cabinet commis-

rently proposes that individual boroughs should be allowed to isters are broadly sympathetic to a Commons motion backed by former ministers Mr Michael Heseltine and Mr Norman Teb-bit urging the total abolition of the authority in 1990 and the tax system to punish suc-

oughs. Considerable problems are involved in the immediate total abolition of the authority in services, currently centrally run. Hence the solution is unlikely to be as straightfor-ward as simply transferring control to the individual bor-

A further worry for some London Tory MPs is that a number of the boroughs, such as Camden, Lambeth and Southwark, are controlled by lefttee. wing Labour groups similar to
The education reform bill cur-

Bridge bill's short span

yesterday went through a Com-mons committee in just over an hour rather than the expected

This followed a promise by Mr Peter Bottomley, a junior Transport Minister, that the Government would shortly be producing its view on whether a wind shield should be included on the bridge. This will probably be announced within two weeks. The Government announce-

ment will be in the form of a response to a report of a select committee on the bill shortly before Christmas. This recom-mended the addition of such a

THE bill to allow the building wind shield, which had previously been considered unnecesbetween Dartford and Thurrock yesterday went through a Commons committee in just over an The issue will then be determined to the Commons of the Common of the Commons of the Common of t mined on the floor of the Comwhen the bill has its

report stage.

• Ferry companies operating in the Channel will have to be allowed to co-operate if they are to compete on equal terms with the Channel Tunnel, the Commons transport committee was told yesterday, writes

Mr Kerry St Johnstone, president of the General Council of British Shipping, said he expec-ted the Government to relax anti-monopoly regulations which forbid the companies to

MPs trail clerks' pay

some 43 officers and staff of the House of Commons are paid more than the £22,548 a year which MPs now receive.

Figures obtained by Mr Hugh Dykes, the Conservative MP for Harrow East, in answer to a number of parliamentary questions, show that MPs' salaries of the British MP's salary is are less than those of 28 of the clerks who advise them on proclerks who advise them on pro-At current exchange rates members of Westminster MPs are paid only House of Rep

However, British MPs receive over \$4,000 a year more than members of the Australian

Labour to offer enhanced role for the two sides of industry

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE NEXT Labour Government regarded as something to be wrong that the representatives would offer a "new partner-resisted, rather than encourship" with British industry, in aged. which management and trade unions would be given a more

speeches which will set out Labour's industrial strategy -he has dubbed it the "Gould he has dubbed it the "Gould tive influence on government, international competitiveness.

plan" – attacked what he while bodies such as the Mr Gould said that the partdescribed as the Department of National Economic Developnership sought by Labour Part Cameri had been increase. Trade and Industry's "abdies ment Council had been increase would not be based on an ingly ignored by ministers.

Trade and Industry's "abdies ment Council had been increase would not be based on an attempt to dictate to industry between government and industry in longer afford a situation in gained through a systematic try.

Trade and Industry's "abdies ment Council had been increase would not be based on an attempt to dictate to industry but on the advantages to be successful a westing at the Council had been increase would not be based on an attempt to dictate to industry between government and industry in the council had been increase would not be based on an attempt to dictate to industry but on the advantages to be with the voice of the bankers and institutionalised effort to any other properties.

try.

He told a meeting at the Commons that the Government, for reasons of ideological prejudice, had followed a course which was diametrically opposed to that of governments in more successful economies. Only in Britain, he claimed, was a close and co-operative relationship

aged.
Mr Gould said that the mechanisms by which industry made powerful voice in determining its views known to government, the nation's economic future, had been progressively weak. The continued, would establish Mr Bryan Gould, the shadow ened. The Confederation of Trade and Industry Secretary, British Industry, which was proper meeting place for government and industry. Without financial institutions and it, Mr Gould stressed, British institutions and it, Mr Gould stressed, British institutions and it. Mr Gould stressed, British institutions and it. importers rather than manufacturers, had become a less effec-

and money dealers is heard ensure both sides understood loud and clear but the voice of each other understood industry is muted and uncer-

say in the nation's econ The next Labour Governmen

would continue to handicap itself in the battle to maintain international competitiveness.

industry is muted and uncertain."

He said that Labour would also want to bring the trade unions back into the machinery for decision-making on economic policy. It was clearly of the said that Labour would also want to bring the trade unions back into the machinery for decision-making on economic policy. It was clearly battalions".

Kinnock's line forces MP to quit party job

Mrs Thatcher expressed ary review bodies would not be should be using the strike modified by the Government weapon at a time when their unless there were clear and own review body - given to compelling reasons for doing so. them because they did not go ignoring repeated shouts of on strike - was considering

yes" or "no", she said this had been the position adopted by Mr Moore in his discussions with the Royal College of Nursith the Royal College of Nursith that Labour MPs did not helieve there could be any clear and compelling reasons for not fully implementation.

Left-wing Labour backbenchers made it clear that they After further pressure from Mr Kinnock, the Prime Minister stated: "We have never undertaken to fund in full the pay award before we know what it ers made it clear that they expected a more militant approach from the Opposition front bench when Mrs Alice Makon (Lab, Halifax) shouted "disgraceful" as the Speaker (Mr Bernard Weatherill) refused to allow her to seek an emergency debate on the case of a two-month-old baby awaiting heart surgery. ing heart surgery.

icy to depress the pay of nurses and doctors.

When the Speaker explained that he could not "bend the rules" and refused to permit field) said members of the RCN further attempts by Labour observing their non-strike combackbenchers to raise the matmitment had been subjected to ter, Mr Dennis Skinner (Lab, intimidation by the "hard left" Bolsover) complained that they whose despicable behaviour had received no support from had shown they had no interest the Opposition front bench.

> Income tax bill fails

AN ATTEMPT by Sir Brandon Rhys Williams (C. Kensington) to introduce a private member's bill to abolish the higher rates of income tax failed by 180 votes to 58 in the Commons yesterday.
The rebuff followed an

sppeal to the "Thatcherites" on the Government benches to

By Tom Lynch

THE TENSIONS within the Scottish Labour Party were highlighted yesterday when Mr Dick Douglas, the MP for Dunfermline West, resigned as convener of the Scottish group of Labour MPs over a disagreement with Mr Neil Kinnock, the

party leader.
Mr Douglas said his decision had been influenced by Mr Kinnock's speech to the Labour local government conference in Edinburgh at the weekend rejecting calls for a "can't pay, won't pay" campaign against the community charge, or noll tax.

campaign against the com-munity charge, or poll tax, when it is imposed in Scot-land from Bert April.

"I do not wish my per-sonal stance on the issue to be restrained or to be in conflict with the position of convener by taking a line which is in opposition to that promulgated by the party haddership," Mr Doug-las said in his letter of res-ignation. ignation.

Mr Douglas stepped up

from vice-convener of the group after last year's gen-eral election, when Labour captured 50 of the 72 Scot-tish seats. The election changed the character of the group, with an infusion of younger, more articulate backbenchers. Mr Kinnock's weekend

remarks caused some dis-quiet among Scottish Labour MPs, even though many reject civil disobedi-ence as an option, arguing that non-payment is a civil rather than criminal matter and that employed people who do not pay can have their wages docked. Incre is concern that Mr Kinnock's tone gave the impression that the Labour Party did not want any action against the poll tax.



Sheffield MP David Blunkett with supporters of Community Service Volunteers at Westminster ves

Many party activists believe that such complex legislation leaves plenty of scope for individuals and councillors to obstruct its implementation without risking bankruptcy or sur-

charge. Mr Kinnock's remarks when Scotcame at a time when Scot-tish Labour MPs have been unable to tarn their numeri-cal advantage into demon-strable parliamentary gains, allowing the Scottish National Party to use the derisory label "the feeble 50" to describe Scottish Labour MPs.

Labour MPs.

The party has also seen a revival in the organisation of the Scottish Conservatives, who last week captured the initiative over a poorly-presented review of schools in the West of Scot-

day protesting over the bill to introduce a poli tax land by having the Prime

Minister intervene directly to guarantee the future of a popular school in Palsley. Mr Douglas said yesterday it was wrong, 14 months before the tax was months before the tax was due to be paid, to condemn it while shutting off non-payment as an option. Many of his constituents could not or would not pay the tax, and he would not dis-

tance himself from them. He had not been convinced by any of the other strategies put forward. "Anyone who thinks this lady is going to be held up by legislative foibles is kid-ding themselves on."

Mr Ernie Ross, the MP for Dundee West, is expected to step up from vice-convener to succeed Mr Douglas.

Women protesters disrupt Lords

ANGRY WOMEN homosexual rights protesters staged a com-mando-style assault on the Chamber of the House of Lords yesterday as peers approved the controversial legislative clause banning councils from

clause banning councils from promoting homosexuality.
Turnoil reigned in the ornate crimson and gold chamber and startled peers watched as three women threw ropes over the rails of the public gallery, past the press gallery and down into the Distinguished Strangers area near the her of the House. ares near the bar of the Hous and then abselled to the floor. Their demonstration was applauded by about a dozen supporters in the public gallery abouting alogans against the Government legislation.

The protesters were quickly led out by Black Rod, Air Chief Marshal Sir John Gingell,

Marshal Sir John Gingell, assisted by several House of Lords doorkeepers.

Dame Klaine Kellett-Bowman (C,Lancaster) who witnessed the scenes, said afterwards: "It was a pure Tarzan

act.
"They flung ropes over the gallery and started shinning down them.
"It was the most extraordinary scene. It beat anything that ever happened in the Com-

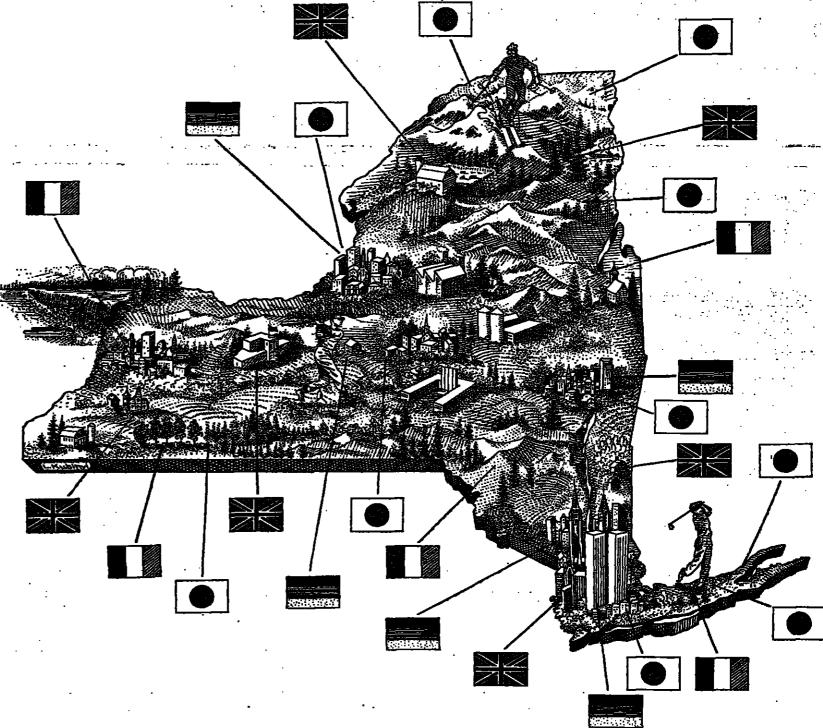
"Some of them seemed to be hanging in mid-air for minutes on end."

on end.

It remains a mystery how thewomen smuggled the ropes into
the gallery. It is assumed they
wrapped them around their
waists. Later Black Rod's office reported that four women and one man had been detained "at

one man had been detained "at their Lordships' pleasure."

The unprecedented demonstration began after the Government's clause in the Local Government Bill to outlaw promotion of homosexuality by councils was approved by 202 votes to 122.



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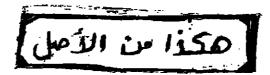
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Pit deputies plan more strikes

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Most Ford stewards reject pay accord

THE AGREEMENT between Ford Motor Company and national union negotiators over a three-year pay and conditions offer seemed increasingly at risk yesterday, after shop stewards committees at plants cov-ering more than two thirds of the workforce decided to ask workers to reject the offer. The national negotiators

decided on Sunday night to rec-ommend the improved offer, thereby averting a planned national strike by 32,500 manual workers. The company had warned that the offer would be withdrawn should the negotiators refuse to recommend it. and Halewood assembly, body and engine plants voted unanimously to recommend rejection. Only stewards at the small export plant at Dagenham voted to back the offer of a 7 per cent increase in 1987-88, followed by increases worth 2.5 per cent more than the inflation rate in the following two years. The package includes far-resch-ing changes to working prac-tices. is "skint", he is exaggerating.
But not by much.

As part-time treasurer of the
Labour Party, the general secretary of the NUS knows financial problems when he sees them. On any count, the 101year-old union is in no state to show the heavy fines or suite for with Mr Eddie Shoh's Massers.

About 20,000 manual workers are employed at the Dagenham and Halewood plants. Should these plants vote heavily against the offer, it would almost certainly be defeated retireally.

defeated nationally.

Stewards at plants at Bridgend, Basildon and Daventry, which together employ about 4,000 workers, will also recommend a rejected. Union officials at the Dunton research facility, which employs shout 900 and which employs about 900, and the Swansea plant, with about

the Swansea plant, with about I,000 workers, said the recommendation to accept would be put with little enthusiasm.

Only at the Southampton wan plant, which employs more than 2,000, did stewards say the national negotiators' recommendation would be put with any confidence of acceptance.

Shop stewards at several any convidence of acceptance.
Shop stewards at several plants predicted spontaeneous walk-outs would follow votes against the offer. They reported frustration at the national negotiators' decision to call off the strike and recommend the offer after what was regarded by most as only a marginal improvement.

marginal improvement.
While the company and the union have a regular negotia-ting meeting planned for Fri-day, its is likely the unions wil-ldelay until at least next week any formal move to reopen negotiations or call a strike.

Action threat at Land Rover

By Richard Tomkins LAND ROVER's manufactur-

ing plant in Birmingham was yesterday facing the threat of industrial action after manage ment and unions failed to agree a new pay deal.

Six hours of talks ended in London on Monday night with the unions unanimously reject-ing an offer described by the

The 6,000 hourly-paid work-ers at Land Rover's Lode Lane plant in Solihull will now be balloted on the offer. Union officials claim the mood is overwhelmingly for rejection.

Land Rover is offering a deal

which it says is worth a total of 14 per cent over the next two years. If attendance supplements and efficiency and quality bonuses are taken into account, the company says, initially a grade three worker's average pay will rise from \$175.80 a week to \$186.50. Land Rover claims that this is significantly above the comparable figure in Ford's pay offer and second only to Jaguar's rates among other motor vehicle factories in the region.

PIT DEPUTIES may stage fur- two motions which would have the deputies and warning they tivity linked bonuses. The ther one day strikes next week, tacitly recognised the break- might be dismissed if they union says the offer is linked to after the national available of a way Union of Deputies and warning they the introduction of longer

after the national executive of away Union of Deomcratic Nacods, the pit deputies union, Mineworkers, and brought yesterday reacted angrily to greater stability to industrial warning letters sent to deputies by colliery managers, after their 24-hour strike on Monday. Mr Peter McNestry, Nacods their 24-hour strike on Monday, general secretary, did not dismeeting a National Union of decisions on further industrial

face heavy fines or suits for damages over the present ferry

According to the NUS's last

official return to the Certifica-tion Office, which regulates trade union affairs, it had total

essets of £2.84m at the end of

Aithough this may seem like a comfortable cushion, it has to

be set against the costs incurred by other unions which have fallen foul of the Government's employment legislation in recent disputes.

It was calculated by the official receiver of the National

BY JIMMY BURNS, LABOUR STAFF

THE FINANCIAL crisis in

the National Union of Seamen is the main motive behind the present merger negotiations with the National Union of Railway-

In an interview with the

BBC World Service, broad-cast to NUS members at sea

last month, Mr Roger Wilk-ins, the union's deputy gen-eral secretary, confirmed that expenditure was ont-

stripping income.
Mr Wilkins said: "We cannot go in the shape we are

at the moment ... we need to

strike.

meeting, a National Union of decisions on further industrial Mineworkers special delegate action over British Coal's pay conference decided against offer. He said the decisions escalating industrial action would first be conveyed to the over the corporation's disciplinunion's members, but it is any code, and British Coal's unlikely there will be any code, and second action to see the conveyed to the any code, and british Coal's unlikely there will be any

decision to withold NUM members' 1987 pay award.

While this was a rebuff for Mr Arthur Scargill, the NUM's re-elected president, the conferacces of the corporation of fuel-

David Brindle on the sequestration threat to NUS

Seamen's union lacks financial

cushion to challenge courts

with Mr Eddie Shah's Messenger Newspapers in 1983, although it had total assets of

In contrast to such wealth, the NUS is in poor shape. Mr McCluskie told members last

November that the union had incurred a record deficit of

Cash crisis cause for merger move

find some alternative finan-cial security." He argued that the union would either have to back

proposals for a merger or it would have to make even more drastic cutbacks than

those already implemented.
"I believe we are danger-

onsly near to not being able to provide the kind of ser-

vices that members would

expect," he said.
The NUS and NUR have

set up "consultative com-mittees" to draw up a con-stitutional and financial

strategy for merger. This is

before.

due to be put before the b

annual conference of the NUS in May.

A militant left-wing fac-tion, opposed to the leader-ship of Mr McCluskie, is

TUC on a membership of

22,896, as at December

refuse to work normally. effertively introduced a seven pave the way for six day pro-day roster. British Coal said the duction. letters reminded deputies of

their responsibilities but it did not rule out that this might be consistent with revised rosters.

re-elected president, the confer- accused the corporation of fuel-ence overwhelmingly rejected ling the dispute by writing to or the reintroduction of produc-the ban.

the introduction of longer Mr McNestry said the letters weekend shifts, which could

Production was disrupted at about 60 per cent of pits yester-

day morning. Elsewhere the NUM's confer-The union will continue with ence decisions on industrial The union will continue with the overtime ban it started at action were a decisive defeat the weekend.

Mr McNestry said the union ers, who had long hoped a delewould attend tomorrow's meeting of the NRT, to explain why it believes the tribunal should not arbitrate in the dispute. The corporation has offered members will be balloted on denuties riess of 4.28 were continue.

Travellers Fare alters work terms

By John Gapper TRAVELLERS FARE, the sta-

WHEN Mr Sam McCluskie says
the National Union of Seamen
is "skint", he is exaggerating.
But not by much.
As part-time treasurer of the
Labour Party, the general secretary of the NUS knows financial problems when he sees them. On any count, the 101-them. On any count, the 101-year-old union is in no state to face heavy fines or suits for with Mr Eddie Shah's Messen.

Union of Mineworkers that its showed total fixed assets of £1.29m, of which £1.13m was in land and buildings, £1.14,000 in motor vehicles and equipment and £45,000 in fixtures and fittings.

There were investments total-ling £1.43m, although the seli-to-survive strategy was reflected in the fact that these THAVELLERS FARE, the station catering subsidiary of British Rail, has changed employment conditions for new staff so it can vary hours of work, alter staff duties and move employees to different regions.

Travellers Fare, which has emphasised its growing independence from the British Rail. pendence from the British Rail-ways Board since becoming a limited company in December, has implemented the changes had been \$1.71m the year The general fund showed a deficit of \$249,000 on the year. Outgoings of \$2m included \$53,000 in unemployment benefit for members, \$31,300 in dispute benefit, \$64,000 in dispute expenses and \$25,900 in ballot-independent despite union protests that they were not consulted.

Under the contracts, which also apply to those being promoted, the staff must agree to: sexpenses and \$25,900 in balloting expenses and \$25,900 in balloting expenses.
Income of \$1.75m included
\$95,300 from investments and
\$13,500 from sales of investmcCluskie said in justifying a
20 per cent increase in memberbits substrainting. the company paying removal costs and expenses.

Undertake duties outside their existing job description if

McCluskie said in justifying a 20 per cent increase in membership subscriptions.

The union's 1986 return bers contributed.

There was \$7,200 in the NUS's political fund, to which all but 515 of the union's members contributed. • Be searched by a person authorised by the company if suspected of theft.

Work hours which may include variations on a set

weekly pattern.

Mr Trevor Little, employee relations manager, said the changes were intended to bring Travellers Fare more closely into line with employment con-ditions set by other catering companies in the private sector.

He said that they would be pressing for merger with the TGWU transport union. The NUS affiliates to the Within the NUS, it is thought that actual mem-bership could have fallen as low as 15,000.

Council to face action without a ballot

By John Gapper, Labour Staff

NALGO, the local government white collar union, plans to call an indefinite strike of about 5,000 white collar staff at Camden Council, north London today without first holding a

secret ballot.

The strike – over compulsory staff redeployment to achieve a 20 per cent spending cut in the next financial year – reflects increasing tension between unions and some babour councils which have voted to implement savings.

The union said yesterday that it was relying on an earlier assurance from the Labour-controlled council that it would not seek a high court injunction to stop any industrial action under the 1984 Trade Union

Act.
It said that staff would probably be called out on a trike any oe catted out on a mass immediately following a mass meeting this morning. A ballot to try to bring the action within the law would be held as quickly as possible following

that.
The dispute is over Camden's insistence that all staff agree to a change in their contracts allowing the council to redeploy them on other duties if their are no longer required in their existing job because of spending cuts.

The change in contracts has been agreed by staff belonging to the National Union of Public Employees and other in construction unions, but is being reisted by Nalgo, which argues that it is unecessary.

Camden has written to all Nalgo staff saying that their existing contracts of employ-ment are to be terminated because the union will not agree to the move. New ones including a compulsory redundancy clause will be offered.

staff by 1,800 to 6,500 by April in order to reduce costs sufficiently to set a legal rate. A re-organisation of its financial resources may require staff to be redeployed extensively.

Mr David Eggmore, Nalgo branch secretary, said that white collar workers had met several times and voted in, favour of industrial action to applied with fairness and discretion and would tend to affect senior staff most directly. Travellers Fare has 3,000 staff.

Mr. Picherd Rosses and discretized white collar workers had met several times and voted in favour of industrial action to resist compulsory redeployment. He said that extensive Mr Richard Rosser, assistant general secretary of the Transport Salaried Staffs' Association, said the changes had been made without consultation.

Nurses begin a week of protests in hospitals

test strikes by nurses took restricted. Existing in-patients place yesterday with apparently little hostility at the hospitals involved.

Attention was focused on the

Maudsley Hospital, south London, where members of the Cohse health workers' union had voted 179-13 for a 24-hour stoppage. Cohse represents the great majority of the hospital's 250 nurses.

Striking nurses were joined on a picket line outside the hospital by their union leaders and several Labour MPs, backing the call on the Government for

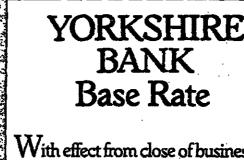
the call on the Government for better pay for health workers and extra funding for the National Health Service. Mr Eric Byers, unit general manager of the psychiatric teaching hospital, said on BBC radio that the safety nursing cover agreed with the union had agreed all emergency had ensured all emergency cases were dealt with.

THE FIRST of this week's pro- whose attendance had been are not going to suffer provided safety staffing levels are main-tained," Mr Byers said. Most of this week's planned

strikes and other protests take place today, although it remains unclear exactly how widespread the action will be The National Union of Public Employees said yesterday that its members were planning strikes at 39 London hospitals. About 2,500 nurses would be

involved. Nupe and Cohse members at many provincial hospi-tals will also be taking action. Unlike Nupe, which has tried to restrict the protest to its nurse members, Cohse and other health workers' unions have not discouraged non-nurse members from joining strikes. At the Royal Free Hospital,

north London nursing, ancil-lary, laboratory, clerical and teaching staff, as well as some The main impact had been on doctors are expected to day care and out-patients, or join a demonstration. doctors are expected to strike



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Bullough plc Record results for the year ended 31st October 1987

Record Results

- A 33% jump in pre tax profits to £21.2 million
- Acquired companies contribute 65% of increase
- Year end order books 50% up on last year
- Earnings per share up 30%

Regulte to 31st October

	1987	1986	
Turnover (£000)	163,934	120,191	up 369
Pre tax profit (£000)	21,206	15,932	ир 339
Earnings per share (p)	36.3	27.8	ир 309
Dividend per share (p)	14.0	10.6	up 32%

Activity by Division

Group now comprises four Divisions:

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☐ Project Office Furniture☐ WEB International	☐ Business Aids ☐ Propaflor
m Refrigeration and Store F	itting Division:
☐ Hubbard-Reader Group ☐ George Barker	☐ Beanstalk

□ Reznor

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Deulter Boilers

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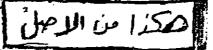
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Drei, Lairen Ste

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1987

Shura Cherkassky was in particularly ripe, astonishing form for his recttal on Sunday. He allotted us only one candidly virtuoso number, "Kaleidoskop" by his old teacher Josef Hoffman: obviously of hunstic difficulty, but tossed off without a fleck on its madly gittering surface. He began, however, with a suite which may or may not be by Lully, and etched his way through it in a private, concentrated sort of way: that the Courants and Gigue sounded dazzling seemed almost an accident. Inflecting Lully's line with maximum elegance was the aim (totally successthe state of the first of the state of the s was the aim (totally successful), though transmuting the piano timbre into that of a celestial harpsichord — with nothing up his sleeve except his arms - was an eerle extra feat. It was like watching Faberge

> The rest of the programme consisted of standard, respectable repertoire, such as Cherkassky loves to make surprising. What he cares about is ing. What he cares about is playing the piano superlatively well, which means lighting up this and that passage with fabulous, unforeseeable execution. Where there are sound, well-recognised routines for building up a familiar piece successfully that even unimaginative performers can master. Cherikasety, pages they not recognised. sky pays them no more than token respect - or less, or none

After his Carnegie Competition prize, young Gravill's plano recital in the Wigmore last year won him golden opinions, so I hurried off there on Friday with keen interest. He did not disappoint, exactly, but he left some exposed room for hoping that he'll acquire some extra command before setting his cap for the tough international concert-market, which is unforgiving about first impressions made.

Gravill's playing proved, as reported, to be most judiciously coloured and sensibly phrased. He began Beethoven's "Pathéti-

que Sonata on a weightily suggestive first chord, and all the

rest was astutely judged to excellent effect; it needed only a more assured long view to weld sentences into whole dra-

weld sentences into whole dra-matic paragraphs - and to per-suade us that a unifying dra-matic impulse drove it all along. Gravill's shy pistism-persons was no help: these days as always, expertise and good taste are useful, but they need

himself was lucky to have).

Chopin's B-flat minor Scherzo, at the end of the even-

Beethoven

manner (such

make an egg:

Cherkassky/Festival Hall

David Murray

Alan Gravill/Wigmore Hall

David Murray

Thus his treatment of Schumann's Carnaval, in which he sketched the standard ebullience of the opening, the win-some introspection of "Euse-bius" and so forth with some detachment. The real fun came detachment. The real fun came with a hugely magnified, high-brious "Pierrot," a grandly characterised "Chiarina" and "Estrella," a sudden burst of all-out brilliance for "Paganini," an inspired contrast between the "Valse noble" and "Valse allemande" as respectively strict-tempo and rubato-high. allemande" as respectively strict-tempo and rubato-hush. Cherkassky delivered Franck's Prehade, Chorale and Fugue without rhetoric, let alone bombast; his powers were devoted instead to rendering Franck's gluey counterpoint translucent, though incidentally he created a ravishing, unheard-of texture for the return of the chorale. For Chomin he made the quiet middle

pin he made the quiet middle section of the Barcarolle a rapt section of the Barcarolle a rapt romantic epic, and then took the final climax with sweet decorum; contrariwise he kept the nesting trio of the B-flat minor Schetzo severely in its place, and rather than dramatising the whole piece — the normal and natural thing to do—he presented it as a gleaming formal structure. Next time it may be quite different. The fertility of Cherkassky's practical imagination (he is 77) is as astounding as the uncanny astounding as the uncanny technical resource with which

gave them no special stamp.
Earlier, he delivered Debussy's first book of Images so stylishly - beautiful detail, con-

muzzy-as those in Debussy's "Doctor Gradus ad Parnassum,"

which as a parody finger erectise demands faultiese fingers, it is an English vice to let soft

marticulate: Gravill's real gifts

need reinforcement from a cool, calculating ear for what will

reach his au

Its monotony, even at the very "highest" level, as displayed last month on World Darts, has to be seen to be believed. Shot after shot after identical shot is aimed at the same tiny area of dyed pig bristle: the treble twenty. Yet on television darts is treated with

channel which first brought the game to the acceen.

However, it is American football which best exemplifies the way in which television reduces the sporting element of some events almost to an incidental. Sunday night's Super Boul on Channel 4 was billed to begin at 10.45. but anyone who

the match even started.

Presumably it was felt that if an honest starting time had been given most viewers would have gone to bed. Instead of sport we had gossip, clowning from a couple of young British "commentators," and personality build-up on the players. This being American coverage, we also had an unconscionable number of advertising breaks. It became clear that in the US "Tootball" really means commercials with occasional sports breaks.

BBC1's International Snooker time, which sounds properly transparent only when played with sure precision. Here, the gentle running semiquavers of its outer movements were as

Television/Christopher Dunkley

Playing games with sport

relevision's tendency to reduc everything - religion, educa-tion, travel - to a game show is nowhere more apparent than in sport, and the winter brings out this tendency more clearly than the summer. It may be argued that "game show" is a pretty good description of sport; after all, schools refer to sport as "games," and we all talk about a "game" of football or tennis. But if you define a game

show as an event organised by television primarily for its own benefit, using noise, movement and crowd pleasing "personali-ties," rather than any significant achievement, to create, usually spuriously, or at any rate artificially, a sense of excitement and, if possible, hysteria in the onlookers, then the distinction between real thanks and television every sent sent. sport and television sport starts to become clear.

That is not to say that televi-

sion's effect is always to destroy the seriousness of a sport. Darts is an example of the opposite: here was a trivial pub game, a social adjunct to drinking, which television decided to exalt to an entirely new level of gravity. Darts requires no tactics, no fore-sight, no subtlety. It has about it no elegance, no beauty, no grace. It does not call for strength, stamina, agility or intelligence.

as much seriousness as tennis or cricket. For this we must blame, surprisingly, BBC2, the channel which first brought the

ing, came boldly nearer the live mark — but after a pair of "hackneyed" waltzes (which means only that they're so potent that they're constantly played: the A minor, and the C-sharp minor) which it is imprudent to essay without vivid new insights. Obviously Gravill is fond of them, but he gave them no special stamp. 10.45, but anyone who switched on at that time was stylishly - beautiful detail, con-sidered depths - as to compel conviction. But the movements of that same composer's "Chil-dren's Corner" Suite scarcely crossed the (metaphorical) foot-lights: insufficiently pointed, however sensitive, and in dif-fuse focus - like Ravel's Sona-tists, which sounds properly obliged to endure 45 minutes of promotional razzmatazz before the match even started.

BBC1's International Snooker and BBC2's Bicentennial Test must have benefited by arract-ing a number of irritated C4 viewers. I certainly switched over to watch the entire cricket programme and would happily have stayed for more...even though this Australian cover-age included such game show



American footballer Jim Kelly with Cheerleaders on Channel 4's "Super Bowl"

show the fatties having a "basho," but "it was well worth it." That, surely, is for us to trappings as the cartoon duck who plods across the screen who plous across the screen
whenever a batsman is dismissed without scoring.
The occurrence of a threeway clash between sports programmes on a Sunday night in
January is some indication of
the way television has been sav, and so far sumo does not look like becoming another

Once upon a time the BBC had coverage of the major pres-tige sports sewn up, but ITV cut through the BBC's hold on boxing and athletics some time ago. This season there have changing. Sport is no longer reserved for weekends, let alone bank holidays: it has become a staple item and is been reports of more big changes: the Football League is said to be considering a scheme included in the schedules virtually every day. With cable tele-vision now running channels dedicated solely to sport, broadcast television competes to take control of its own tele-vision coverage, ITV has bought the rights to the New Zealand more flercely than ever for big Test series starting next week, and they are bidding to take rugger away from the BBC. events, and even the invention of special events for television cannot keep pace with the

The sad thing is that sport is one of the areas in which the BBC has always excelled. At its and more exotic. Last week C4
began covering Sumo, a sport
which looks as though it was
invented by Clive James as a
way of taking the micky out of
British all-in wrestling and Japanese game shows simultaneously. For the commentary
Lyali Watson adopts a tone of
hushed reverence, reminiscent hushed reverence, reminiscent tain the infrastructure, the of Richard Dimbleby's coverage of a state funeral, though Dimfrom which the great profesbleby would never have sional stars so often emerge.

described anything as "so When Harry Carpenter unique." According to Watson it took five years to get permission for British cameras to pects" during the boxing at

Bethnal Green it was not clear whether this was a formal scheme, or simply a useful phrase, but the point is that the BBC cameras were there, on the nursery slopes, as they have been so often whether the sport was boxing, skating, athletics, or whatever.

No doubt many of the producers, cameramen, and commenta-tors in ITV are just as talented, dedicated, and enthusiastic as their BBC counterparts; very often they are exactly the same people since plenty have worked on both sides. Yet when ITV takes over a sport the game show element invariably increases. It is hard to say whether this happens because ITV is determined to look different to be appeared to be appeared to be appeared. ferent from the BBC, because they are convinced that their viewers want more of the game show element, or because such treatment appeals to advertis-ers, but the difference is unmis-

takable.
Sometimes, as with the Super Bowl, it seems obvious that British commercial television is simply taking its cue from its American counterpart. In the coverage of the "US Skins" golf tournament in Sportsworld Extra last month ITV did not appear to have any choice: American television was clearly obsessed with overhearing the gossip among the players, despite its predictable banality (and a certain archness caused, presumably, by the knowledge that millions were "eavesdrop-ping") and ITV simply took what they were given. But in Athletics on Saturday

it was plainly ITV's own choice to abandon the preliminaries taking place in thick mud at Gateshead and cut to a recorded interview with Zola budd, who was then built up by the commentators as the great white hope. For those of us who prefer real sport to elec-tronic gossip there was some satisfaction in then watching the darling of the ITV commentators failing to finish in the first three.

Of course it is impossible to darway a next line between admit

draw a neat line between admirable packaging and objectionable hype, and anyway one man's meat is another man's man's meat is another man's poison. I have long been an admirer of the signature tunes used by BBC Sport to identify its coverage of cricket, skating, show-jumping and so on, and consider the Ski Sunday and Sportsnight themes as splendid examples of their sort. Others consider them over excited and wholly unnecessary.

wholly unnecessary.
Yet whichever side you may stand on that, there is no denying that television is screen more and more sport; that the competition to catch the viewer's eye is becoming increasingly keen; that the trimmings are ever more elaborate and the purity of the sport ever more diluted; and that the tendency

to convert sport into personality game shows is accelerating.

One day perhaps cable or satellite will bring back the real McCoy – at a price.

The Cherry Orchard/Brooklyn

Frank Lipsius

New Yorkers are used to seeing Chekhov in lavish productions like Andrei Serban's 1977 Cherry Orchard at Lincoln Centre, which set new standards with a glowing pink backdrop for the meanderings of a lost family sorting through their rich possessions for the last

Ten years later, Peter Brook reflects a new sense of impending austerity with a threadbare Cherry Orchard purposely reflective of its times. Gaev strikes the note in his comment, "I am a man of the eighties.
"I am a man of the eighties.
People don't think very highly of me," which rings out in the bare set consisting primarily of oriental carpets at the Brooklyn Academy of Music's Majestic Theatre, a new venue established in October for the threemonth sojourn of Brook's Mahabharata.

Long abandoned as a music

Long abandoned as a music hall and later a cinema, the stark ambience has been refurbished to look like Brook's Paris Theatre with the walls scraped to various layers of old paint. After the trio of three-hour stints for the nine-hour Mahabharata, Brook knows his audience can take two-and-ahalf hours of the Cherry Orchard without an interval. The four acts move imperceptibly from one to the other. A carpet, for instance, is rolled up like a log to make the country scene of the second act, where Charlotta balances herself as though walking next to a creek.

The characters do not seem components of a single, if dif-fuse, society. Brook separates them into isolated souls, with conversations interspersed across the set like different

scenes in a film. Most scenes take place between two characters on the vast open stage that rarely contains anything more than a single chair. Even the ball takes place behind screens, emphasising the isolated conversations in the foreground.

The sheer simplicity of

Brook's interpretation works so well because of the distinctive cast he attracted to Brooklyn. Gaev takes the pivotal role, the hopeless romantic who thinks that admitting his own weakness will somehow save the estate. Erland Josephson, for-mer head of the Royal Dramatic Theatre in Stockholm, and a veteran of a dozen Ingmar Bergman films, shuffles to his own faltering rhythm but with charm and worldliness that make his confidence almost believeable. Natasha Parry gives Lyubov the effervescence that bubbles away unthink-ingly, handing a gold coin to a wayfarer as her entourage laugh callously and Stephanie Roth as Varya tries to stay her mother's impulsive hand linds mother's impulsive hand. Linda Hunt is a bossy, no-nonsense diminutive Charlotta, while Brian Dennehy as Lopakhin punctuates the morose proceedings in the style of an American businessman with the insistent but good-natured advice to attract summer vacationers to the orchard.

The production slips by like the lives of the characters in accumulating sadness that has no respite. The sheer simplicity of the production, Brook's first in 30 years to be cast and staged in America, gives inter-secting disjointed conversations a stunning relevance to his



Eileen Thomas and Rudolph Walker

King of England/Stratford East

Claire Armitstead

That King Lear should arrive in modern Britain by way of the Central Line is highly appropriate if you happen to live near the Theatre Royal, in Stratford East; that he should be a black tube driver on the eve of his retirement, intent on passing his wordly wealth on to his two daughters before returning to end his days in his native Trinidad is a marvellously resonant conceit, regardless of setting, but one which has not yet fully

realised its potential.
Barrie Keeffe's much-delayed King of England is a lament for a generation of black East Enders who came to Britain expecting Churchill to be waiting on the quayside to wel-come them, who managed to drown their disappointment in diligence, and who face the tough new England of the '80s confused about their own iden-tities and alienated by their children's. Mr King's golden handshake for 35 years' loyal service on the Underground is a digital watch which plays The Yellow Rose of Texas and tells the time in Japan. One daughter (Eilen Thomas) is a brassy florist in a superior hotel; the other (Claire Benedict) is a nurse. Both in their different ways have rejected his "years of gratefulness." It is a terri-tory well trodden by contempo-

rary black writers; Keeffe's claim to the subject is as a dra-matist of the East End. At the heart of his play is the image of Mr King – Learlike in his boozy melancholy – contemplating madness by the side of the tube line, in the company of a clownish Scottish meths drinker, after signing his house over to his rapacious younger daugh-ter. Rudolph Walker has a voice which rumbles sonorously up from his chest, capturing the paradox of an old man talking tragedy as the early morning fish train crunches his new watch to dust outside the Cen-tral Line depot (a scene evocatively framed by Jackie Pilford and Jenny Tiramani in a haze of city lights above steel sleep-

It is a stirring moment, which is unfortunately long in arriving. Philip Hedley's production lumbers through the comedy of the first act, allowing his cast to pitch their performances where they will (right over the top, as far as Ellen Thomas is concerned, health off the flows. concerned; barely off the floor, when it comes to Paul Barber as her bingo club beau with a heart of gold). The writing itself is uneven, loosely structured and bordering on the sentimental but to Keeffale credit timental but to Keeffe's credit he does not finally oversimplify his subject or his characters.

Songmakers' Almanac/Wigmore Hall

Richard Falrman

The last piece of music that Gerald Moore played at his farewell concert was a solo ver-sion of Schubert's "An die Musik." If a tribute to Moore is sought, Schubert is the obvious choice and for this memorial recital on Sunday the Songmakers' Almanac brought the great accompanist and his chosen composer together again, thus harnessing at the same time two of their own guiding

Gerard Kelly and Paul Higgins in "A Wholly Healthy Glasgow" by Isin Heggie, which opened on Monday at the Royal Court in London. Richard Wilson's tough and hilarious production of power games in a back-alley Glasgow health club was twice reviewed on this page last year, at the Royal Exchange in Manchester and subsequently at the Edinburgh Festival. The author's new play, "American Baggipes", opens in Manchester on Thursday and will be reviewed on Saturday's arts page. As always with programs devoted to a single composer, this portrait of Schubert brought out the best in the

team. (There is none of that artfulness which is needed when intricate themes have to be sewn together.) The readings and music were always related, even to the point of placing an unflattering description of the short, squat composer next to his emotive musical depiction

Subjects are becoming more and more exotic. Last week C4

of a dwarf in "Der Zwerg."

The inquisitive mind that searches out links of that kind almost certainly belongs to Graham Johnson, for one senses the same determination to look below the surface in his work as an accompanist. Johnson is no pure, classical Schubert pianist: he always seeks to give songs here were worth hearing

figures in the piano part descriptive force and in the long, ballad-like "Viola" every verse seemed to support his singer with a tangible change in

The piece went vividly, though not least because Ann Murray was in such splendid voice. Perhaps the last accolade of originality still eludes this artist as a Schubert interpreter; but more than any of the other Songmakers she has found an ideal balance between charac-terisation and the demands of beautiful singing. All of her

and the best ("Nacht und Traume," "Lieb Minna") were outstanding.
The other two singers were

more variable: Felicity Lott put the vocal part back in Moore's "An die Musik" with her customary musicianship, though the tone was a little less reliable than usual; and while Philip Langridge made up for any want of personality else-where, there is too much managing of the voice - now covered, now head tone - to make him easy listening in Schubert. At least, one way or another, all aspects of the composer's music were represented.

January 29-February 4

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FINANCIAL TIMES

Arts Guide

Theatre LONDON

The Phantom of the Opera (Her Majesty's). Spectacular emotionally nourishing new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Rappens in a wonderful Paris Opera ambience designed by Maria Bjornson. Dave Willerts as succeeded Michael Crawford as the Phantom. (839 2244, CC379 6131/240 7200).

Polities (Shaftesbury). Stunning revival, directed by Mike Ockremt and designed by Raria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque remion in a doomed theatra. Four new songa, improved book by

undermine an old burlesque remion in a doomed theatra. Four new songs, improved book by James Goldman. Cast led by Dolores Gray, Julia McKemie, Diana Rigg, Daniel Massey, Ali good. (379 5369).

Serious Money (Wyndham's).
Transfer from Boyal Court of Caryl Churchill's slick City comedy for clumpagne-swilling yupples: how the Big Bang led to class tunnit and barrow-boy dealings on the Stock Exchange. Hot and Bivid, but new cast deemed less good. (836 3028, CC 379 6555).

A Small Family Business (Olivier).
Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale. (928 2252).

South Pacific (Prince of Wales).

2252).
South Pacific (Prince of Wales).
Average, traditional revival of the great Rodgers and Hammerstein musical, Gemma Craven failing to wash the baritonal Emile Belcourt out of her hair.
Shirley Valentine (Vaudeville).
Pauline Collins in fine and funny

monodrama by Willy Russell of liberation for a Liverpool house-wife on Corfu. Shades of Ibsen's Nora and Beckert's Winnie, with lokes, (836 9987, CC 379 4444).

A View from the Bridge (Aldwych). Michael Gambon as Arthur Miller's Eddie Carbone gives one of the greatest performances of recent years. Alan Ayckbourn's supple National Theatre production camouflages the play's flaws. Ends Feb 20 (836 6404, CC 379 6233).

623).

Wholly Healthy Glasgow (Boyal Court). Scabrously funny new play by Ism Heggie, structurally similar to David Mamet's American Buffalo, but set in a back-alley Glaswegian health club. No simultaneous translation provided. (730-1745).

NEW YORK

Fences (46th Street). August Wilson

Fences (46th Street). August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1850s, trying to improve their lot but dogged by his own failings. (221-1211).

Cats (Winter Garden). Still a selfout, Trevor Num's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and over-blown idea of thearricality. (239 6262).

42nd Street (Majestic). An immodest celebration of the heyday of Broadway in the 1830s incorporates gens from the original film, like Shaffle Off To Buffalo, with the appropriately brash and leggy hoofing by a large chorus line. (377 9020).

Choras Line (Shubert). The lon-gest-running musical ever in America has

Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace). With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages barely to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth). The Tony's best play of 1986 won on the strength of its work-of-mouth popularity for the two eldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Les Miserables (Broedway). Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

Starlight Express (Gershwin). recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed popmusic and trumped-up silly plot. (586 6510).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated lead-emess in a stage full of charac-ters. But it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor, prefera-bly British. (947 0033).

WASHINGTON

Enrico IV (Arena). Pirandello's mystery of the man who imagined himself as Emperor Henry IV of Germany is staged by Zelda-Fichandler. (488 3300). Ends Feb. 21.

CHICAGO

Passion Play (Goodman). Peter Nichol's clever twinning of the major characters as they conduct a duplicitous affair adds a sharp edge to the view of contemporary life in London. (443 3800). Ends Feb 13.

TOKYO

Montgomery, Plant & Stritch

Antony Thorncroft

Montgomery, Plant and Stritch - not another advertising agency but a trio of Texans harmonising over diners at the Ritz for the next few weeks. Why London never developed a cabaret tradition to match that of Paris or Berlin; why today sophisticated late night entertainment is as hard to find in the capital as a Northern Line train are questions best left to Benny Green. The answers probably lie in the innate phi-listinism of the British middle

TOKYO

35 Steps (Aoyama Theatre). Song and dance with the Shiki Theatre Company which specialises in musicals and which is celebrating its 35 anniversary this year. The evening features 35 extracts from past, present and future Shiki productions – from West Side Story to Phantom Of The Opera. (0120-489444). Ends Feb 21.

Kabuki (Kabuki-Za). Tokyo's main Kabuki theatre is celebrating its centenary with a year-long featival featuring perennial favourites and new works. The morning programme this month includes Kanchinjo, in which the wily servant outwits his master's pursuers. The afternoon programme has another popular piece, Sukeroku. Both plays are the property of the Ichikawa family whose kabuki lineage dates back 250 years and feature the current head of the family. Danjuro X1. Excellent earphone commentary in English. (541 3131).

romance." With six hundred songs under their tonsils the actual programme changes by the night, and they are open to suggestions, but on Monday they started with "I get a kick out of you" and ended incon-gruously with a rock and roll medley, including "Great balls of fire." In between was the best of the rest.

Billy Stritch is the man at the piano; Rebecca Piant is the pretty one; and Sharon Montgomery is kooky. They all get extended solo spots and when you hear Stritch perform "A nightingale sang in Berkeley Square," (de rigeur for every Ritz cabaret and why not) you wonder why the girls are there. They harmonise nicely, and have some communal fun out of a merger of "Holiday for strings" and the "Sabre dance" but MPS are far from being Manhattan Transfer.

bouncy and imaginative, stronger on energy than emotion. That awful table that competes in raised tones and banal con-versation fell silent quite early on. Anyone preserving the respectable night spot tradition London deserves thanks; Montgomery, Plant and Stritch can command an ovation.

They are, however, bright,

3.25 GW

Real return Sales

FINANCIAL TIMES

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Wednesday February 3 1988

Test case for privatisation

privatise the British electricity industry than to do it badly. The mistake made with British Gas - the creation of a private monopoly with inadequate regulation - must be avoided. Yet in electricity the right mixture of competition and regulation will be even harder to achieve than in gas.

Is it worth trying? One study, by Mr Allen Sykes and Mr Colin Robinson, has estimated that competition could reduce costs within England and Wales by about £1.2bn r annum within five years. Half of the savings come from lower fuel costs, based, not on a massive rise in coal imports, but mainly on the authors' assumptions about how the British coal industry would respond to a more competitive market. Greater competition in generation, reflecting the Shift away from an over-cen-tralised, producer-dominated structure, would produce economies in operations, espe-cially in manpower, and in the use of capital. As long the benefits of structural change clearly outweigh the risks, these gains are worth having.

Regional groups

Distribution, overshadowed at present by the generating side, would have a larger role in any new structure. The 12 Area Boards in England and Wales could be converted into five or six regional groups and sold to the public. Regulation would be based on the principle of "yardstick competition," which gears allowable prices to the costs of the most efficient company and builds in incentives for cost reduction, especially in the purchase of power.

Some supplies would come from smaller stations and combined heat and power schemes feeding directly into the area networks. But the bulk would come from large power stations and the national grid, both of which are now controlled by the Board. Given easier access to the grid, the distributors could negotiate directly with new entrants to large-scale generation and thus gradually erode the CEGB's dominant position. The central issues are whether the regulatory system, especially in relation to the grid, can be devised in such a way as to encourage new entrants, and how far it necessary, at the same time, to break up the CEGB into smaller units.

It is possible to exaggerate the scope for competition in generation - a high degree of co-ordination will always be necessary - but real pressure on the CEGB is unlikely to arise unless it faces actual, and not merely potential, competition and unless its control of the grid is transferred to an independent com-pany, whether privately or publicly owned. (The existing and planned nuclear stations, to which the Government is committed for reasons of fuel diversity, would probably have to be vested in a continuing CEGB or a separate state-owned company.)

One possibility is to hive off

Dominant position

some CEGB assets, perhaps amounting to 10 per cent of its capacity, into a separate company, along the lines of Mercury in telecommunications. The problem is that the CEGB would still have a dominant position and would have to be subject to heavy regulation of a sort with which the UK has little experience. Mr Sykes and Mr Robinson argue that duopoly would make matters worse, since control of the CEGB would be transferred from the Government to a regulator whose ability to limit profit-maximising behaviour would be questionable. Moreover, once the CEGB is privatised, it would be very difficult to change the structure except at the margin: the risks facing a new entrant, without a portfolio of existing stations, would be formidable.

The preferred approach must be to split the CEGB into several separate companies. For the Government to reject this radical option it would have to be persuaded, first that the costs and disruption are unacceptable and, second, that a Mercury-type solution. tory regime, would in practice encourage new entrants and reduce costs. It is in any case essential that, after the White Paper is published next month, sufficient time is allowed for the costs and benefits of different approaches to be fully and publicly dis-

Max Wilkinson looks at the problems facing Britain's Energy Secretary over electricity privatisation

South

Assets Real return Sa

£0.81bn

East Midland

of Scotland

Electricity

£0.75bn

land divides into three parts.

Much the largest is the Central Electricity Generating

Board, which owns and runs

all the power stations and the transmission grid. The CEGB is one of the largest and most

powerful electricity enter-prises in the world, widely

admired for its operational

competence, but attacked by

expensive power stations in

the 1970s and for the poor performance of its Advanced

as-cooled Reactor (AGRs).

the 12 area boards, which dis-

tribute and sell power to domestic and industrial users.

In economic terms they are

mere satraps of the CEGB because they are forced to buy all their electricity from

the board at the prevailing bulk supply tariff. Third, the Electricity Council sits like

the court of an enfeebled

emperor, in nominal control

of the the whole industry, but

CEGB's strong cash flow, its technical skills, its obligation

to keep the lights burning and

a certain corporate arrogance

enable it to push aside most

South of Scotland Electricity

Board is a self-contained gen-

erator and distributor with a growing surplus of nuclear

When first confronted with

the warring factions, Mr Par-

kinson's instinct was to make

a virtue of the differences by

London on a ministerial salary of \$38,000 a year. Carrington, however, might not be much better off. At the last count the

highest paid Christle's director was getting \$42,000.

Christie's believes, neverthe-

less, that it has sown up its management for the next five years. As well as taking the firm into Europe, Carrington has a defensive role. The company has been the subject of takenyer talk for years.

party has been the studect of takeover talk for years. With around 30 per cent of the shares owned by Jo Floyd, the outgoing chairman, and his

family, and fellow director Guy Hannen, also in his mid-sixties,

it is always on the look out for

sympathetic purchaser should

a sell out become unavoidable. Lord Carrington could be just

the man to guide the company

towards an acceptable white

Gowrie incidentally intends

o take a sabbatical shortly to

help the Government with the

passage of the Education Bill

through the Lords. Carrington's

political intentions when he

returns from Brussels are

EDennis Amiss, the former

Warwickshire and England

cricketer, is joining Hodgson Holdings, the funeral director.

Amiss, who buried many a fast bowler during his career, has

been appointed director of

acquisitions, research and

development and public rela-

Amiss is likely to be busy since Howard Hodgson is an

acquisitive company, buying 14

businesses in the last financial

Still not out

unknown

exports to the south.

North of the Border, the

opposition.

The second part comprises

critics for building too many

£0.9bn

Fastem

£1,210m

DISPOSAL of the £37bn electricity industry may prove simple compared with the selling job Mr Cecil Parkinson, the Energy Secretary, will face when he publishes his plans for the project in a few weeks time.

His scheme for the world's largest privatisation will please neither the radical free marketeers within his party. nor the largely conservative lobbies within the industry. Nor can Mr Parkinson count on much popular support. Public opinion surveys have consistently shown that about 70 per cent of voters are indifferent or hostile to the privatisation of electricity, with a decisive majority opposed to the sale of nuclear power stations.

The fiasco of the Govern-

ment's \$7.2bn sale of British Petroleum shares, and public discontent with the behaviour of privatised British Gas and British Telecom, have placed Mr Parkinson on a slightly shaky platform as he prepares to launch a plan based

on compromise.

He will admit that his blueprint for the industry is less than ideal from the point of view of promoting competition. He has been preparing the ground for this by many public references to the Government's commitment to nuclear power.

This is now seen to be incompatible with the desire to regroup the UK's 78 power stations into four or five competing companies - White-hall's "radical option" - for several reasons. The most important is a widespread belief that smaller private companies would be reluctant to take on the financial and political risks of nuclear power, especially at a time of

reak coal and oil prices. But even if privatised electricity companies could be induced to smile upon the nuclear option, Mr Parkinson faces a second difficulty - of timing. The Government's present plans for a family of half a dozen Pressurised Water Reactors only makes minimised by arranging each project to follow smoothly from the last. If the industry were to be radically shaken up, delays would be inevita-ble before a new private company could determine its nuclear strategy and submit planning applications. It would be highly unlikely in such a case that the next nuclear project could go ahead at Hinkley Point, Somerset in the next two or three

years as planned. The Government's nuclear policy is only half of Mr Parkinson's difficulty, however. He and his advisers have discovered in their seven elementary physics, geography and politics of electricity that the industry is far more complicated than the drafters of the Tory manifesto seeme to believe. He also discovered that his predecessor in office. Mr Peter Walker, had done hardly any preliminary work for privatisation, and in one imprortant respect had allowed the industry to proceed in the opposite direction. in the early summer, when he started an exhaustive

round of consultations, Mr

Lords of

the arts

for ideology like Caesar's Gaul, the elec-tricity industry south of Scot-rate enterprises and as much

£0,90bn

London

£912m

competition as possible. He decided at an early stage that the SSEB would be sold as an integrated regional monopoly, with perhaps an enhanced ability to sell power competitively to the South. He also rejected at an early stage the idea of using the SSEB as a model for the creation of five or six integrated power monopolies in England and Wales. This would have been highly disruptive to the industry and could not possibly have been fitted into Mrs Thatcher's desired timetable of completing the job in a sin-

CEGB

£0.97bn

Yorkshire

£961m

£0.41br

Wales £466m

gle parliament. The most seductive model then was to sell the boards as separate companies (perhaps allowing them to merge into four or five groups), to remove the transmission grid from the CEGB's control and to to sell its power stations to four or five companies.

That way, he was told, five generating companies, each \$2bn would create a market for power to be sold on long-term contracts and through a spot market to the separate distribution companies and any industrial com-panies which wanted to enter the bidding. The transmission grid would be open to all to facilitate trade just like a network of toll roads.

At this point the objectors headed by Lord Marshall of the CEGB started pouring into Mr Parkinson's spacious office overlooking the Thames. Some of their arguments could not easily be dismissed. The most important (perhaps the grid company) were:

were:

would overshadow the free

oi which 9.6% is

Real return

Sales

£1.01bn

Southern

£1,077m

A broken circuit

£678m

 The grid is not like a motorway open to all, because it is used constantly to ensure that only the most economical power stations are kept running as demand varies. Grid controllers must have the authority to switch plant on and off to minimise overall costs and ensure the lights stay on. This leaves little transmission capacity available for free trade.

 The distribution companies must be carefully regulated to prevent them from making monopoly profits. But the reg-ulator cannot know whether price increases are justified unless he can be sure that generating companies are not trying to pass on excessive fuel costs as a result of inade-quate investment. The scope for competition among generators would therefore be limited by the activities of the

regulator. • The industry's trade ment, would object strongly to a scheme which involved the forcible transfer of staff to companies which do not nies decide what they need exist and have no track And all this to be tied neatly to companies which do not

 Some central body must ensure that enough power stations are built to meet expected future demand. It would be risky to leave this obligation entirely with small distribution companies which have little experience of forecasting and procurement and

no generating plant of their

O O ONorth of

£0.60bn

North

£623m

Midland

£980m

North

£919m

_ Area Boards

Sales

market. Many of these objections were countered in the voluminous writings of Mr Alex Henney, a consultant whose work has been published by the Centre for Policy Studies, the Conservative think tank. He said that the necessarily close co-operative relationships between all the players could be overlaid by a network of contracts and spot markets. These markets, he said, would allow notional flows of electricity to be quite different from the actual physical flows, as happens in the oil and other commodity mar-

Poor Mr Parkinson! His head must have been spinning. A free market, it seemed, required the re-allo-cation of £37bn of assets to companies which do not exist, with managements as yet untried, with a network of contracts using accounting is still to be developed and a computerised clearing system which cannot be ordered until all these compain legal ribbons ready for sale in less than two years.

Then, just suppose Lord Marshall's heavyweight warnings turned out to be right and the new machine failed to work as smoothly as the theorists believed . . . On the other hand, the

opportunity for a slower, more structured approach

had been squandered. After the Tories' election victory in 1983, little thought was given to any scheme which would have required the CEGB to prepare for eventual break-up. Instead, the board was allowed to dismantle its five regional divisions.

The grand nuclear imperative was therefore rather convenient in one sense. It has allowed Mr Parkinson to short circuit many difficult concep-tual problems about dismembering the industry, as well as the inconvenient political fact that if he opted for the "radical option", he would have relatively little to show for his work at the end of this parliament.

So in spite of his often expressed desire to promote competition, the options he will present to Cabinet are fairly modest. The central proposition appears to be that the CEGB should keep control of all of its generating plant in exchange for an obligation to promote the nuclear cause. It seems likely to lose ownership of the grid, whose pricing structure must certainly be supervised by a regulator. However the board seems likely to retain effective operational control of the grid in a company which is likely to be non-profit-making and jointly owned by the whole industry. Even at this late stage it

appears that ministers still do not know exactly how the side issues surrounding the main question will be resolved. But the thrust of Mr Parkin-

son's approach is already evident. He will stress the diversity of the industry in comparison with privatised telecommunications and gas. The CEGB, he will say, is already subject to competition from Scotland and France, which may increase. Distribu-tion companies will be allowed to build their own power stations if they wish or form consortia with banks for a major project. The regulator will protect such small fry from the CEGB, which will be obliged to guarantee back-up supplies at reasonable cost.

Moreover, he will say, some \$15bn of new power stations will be ordered by the end of the century which allows plenty of room for competi-tors. He might split off some of the CEGB's power stations into a smaller separate com-

yet at the end, he will have to answer that difficult question: "Why do it at all?" He may argue that it will result in cheaper electricity, because private companies will buy cheaper coal and build cheaper plant. Yet he decided this autumn to force electricity prices up by 15 per cent over two years, saying that private investors would require higher returns if they were to build new power sta-tions. So will more efficiency result in higher profits or lower prices?
That will depend mainly on

the powers of the regulator. If he is strong, consumers will benefit. If the regulatory framework is "light," the Treasury will get maximum proceeds from the sale. This dilemma has not yet been faced: it will be Mr Parkinson's next big decision when he fills in the small print later this year.

Reconciliation in Davos

THE MEETING of the Greek and Turkish Prime Ministers in Davos has produced a more promising atmosphere between the two countries than at any time since the Turkish intervention in Cyprus in 1974.

The result of that intervention - Turkish occupation of two fifths of Cyprus's territory - has become quasi-permanent, and has poisoned Greco-Turkish relations ever since. Although the suspected presence of oil under the seabed (which Turkey claims as her own "continental shelf") around the Greek islands in the eastern Aegean might, in any case, have caused tension between the two countries during the 1970s, the atmo-sphere of mutual distrust stemming from the Cyprus crisis made such conflicts far more difficult to manage.

That atmosphere has been a source of concern to Nato, especially since Mr Andreas Papandreou came to power in Greece in 1981. He made it clear that he regarded Turkey, a Nato ally, as a much greater threat to Greek security than the Warsaw Pact, and that his main reason for staying in Nato was that outside it Greece would be even more exposed to Turkish aggression. Since 1983 he had been refusing any dialogue so long as Turkey did not rescind her recognition of the "Turkish Republic of North-

Now he has dropped that condition and embraced the policy of trying to improve relations with Turkey through dialogue. There seem to be a number of reasons for that sudden change of tack.

The strongest must be the scare that both countries received last March when

Ozal, the Turkish Prime Minister, when he arrived back from his heart operation in the US. Mr Papandreou evidently learned to respect Mr Ozal, both for this and for his success in emancipating his Government from military tutelage - symbolised, after his triumph in last November's elections, by the imposition of his own nominee as Foreign Minister.

Another reason must be the realisation that Turkey's application for EC membership creates opportunities for Greek diplomacy which can only be exploited in a positive atmosphere. Turkey has solid reasons to be conciliatory over both Cyprus and the Aegean, once it is clear that she has a real hope of overcoming Greek hostility.

The UN cannot achieve anything unless member governments - particularly perma-nent members of the Security Council with a strong interest in the problem at hand - put their full political weight and diplomatic ingenuity behind it. Thus the improvement in Greco-Turkish relations creates both an opportunity and they very nearly blundered an obligation for third par-

manship on the part of Mr

It is very important that both leaders should devote themselves personally to building on what has been achieved: such reconciliations need constant nurture, as the history of the Anglo-Irish Agreement shows. It is also important that third parties with an interest in cementing the new relationship - which means above all the Nato allies of both countries should understand that it has been made possible only by both sides agreeing that Cyprus "belongs to the international arena and should be handled in the UN".

into war as a result of a mis-understanding. That crisis the US, to make a new effort was defused by timely states-to solve the Cyprus problem. Victoria and Albert Museum year. It may be remembered he outs. Cessna Office, introduced some modern like a lifetime occupying the

Observer

■Obviously, there are better things in life for ex-Tory Minis-ters than running power stapaintings to his working quar-ters. It was thought that he might have taken over at the Royal Opera House. Gowie left politics for the money, complaining, quite understandably, that it was impossible to live at his level in

Parkinson discovered that, establishing a privatised

Who would have thought when they came to power in 1979 that after a few years in office the now Lord Prior would be at GEC, Lord Gowrie t Sotheby's and, strangest of all, that Lord Carrington, once Foreign Secretary and still Sec-retary General of Nato, would be preparing to take over at Christie's?

For Carrington it looks like being a pretty full time job. "He will be here five days a week; seven if necessary" says Chris Davidge, group deputy manag-ing director. Gowrie at Sothe-by's works a 12-14 hour day six

days a week. Christie's wants Carrington for his international connec-tions, which must be among the best in the world. In 1992 the European Community is due to become a genuinely common market and the dominant British salerooms, Christie's and Sotheby's, will be free to hold auctions in France as well as the other lucrative European countries. Carrington is the man to lead them into this global future. Besides, his friends aren't poor: some of them should in future be more inclined to sell off their art treasures through Christie's. Gowrie heard the news of the

new competition only on Monday. He says he is delighted. Apart from old times, the pair of them have a good deal in common. "The two old girls," says Gowrie of Christie's and otheby's, "share 60 per cent of the trade. We have collective problems," For example, how to deal with VAT on art or the ance. Together they could have the makings of a formidable

arts lobby in the Lords. Gowrie's background in the arts and literature was well enough known. Carrington's is not non-existent. He is retiring chairman of the Trustees of the Victoria and Albert Museum | year. It may be remembered he



"Ah – but what you lose on higher interest rates you'll gain on miles per gallon.

crease with Geoff Boycott open-ing for England. Both liked to at themselves in.
Amiss is following in the footsteps of another English sportsman who entered the funeral business. Ray Wilson who played full back in the 1966 World Cup team, runs a successful undertaking business

Small-town Sam Sam Walton, who said this

in Huddersfield.

week he is withdrawing from the day-to-day running of his retailing empire, is America's richest man. His stock in Wal-Mart, the chain of discount stores with which he has covered the rural south, is worth over \$6bn and that is not all he Walton, just short of his 70th

birthday, wears his fortune lightly. When the stock-market crash wiped out a quarter of his wealth, he shrugged and said: "It's just paper". He lives quietly in small-town Arkansas, drives a Ford pick-up, and sometimes materialises to help out at one of his own checkouts. His only luxury is a Cessna aircraft to visit outlying Though Walton is stepping down as chief executive, his friends expect him to stay on as an active chairman.

Boro for the cup This space is not known for it's high time it had one — Middlesbrough for the FA Cup. The forecast is based not so much on Middlesbrough's standing in the football league they are third in Division Two - but on the hadicrously long odds of 150-1 against offered by Ladbroke who have made Liverpool the favourites

A c c e p t i n g t h a t
Middlesbrough have a replay to
overcome tonight, the same can
be said of Blackpool, quoted at 125-1. A quick glance down the divisions reveals that Blackpool are languishing midway down the third between Aldershot Newcastle United look an

attractive proposition at 12-1, but Middlesbrough are surely the team to beat. Assuming they put Everton out of the way, they will meet Liverpool in the last 16. Detractors, and there are bound to be some, may argue that Liverpool are the stronger

side since they are unbeaten in the league. Indeed they have been beaten only once this season, by Everton in what used to be called the League Cup. Logic dictates that since Middlesbrough drew away to Everton last Saturday they should be capable of beating them with home advantage. If Everton could best Liverpool, so, therefore, can so, therefore, can Middlesbrough who,inciden-tally, have never won the cup. The rest should be plain sailing.

Lie detector

aFax messages from the new, designer-styled Department for Enterprise (the DTI, that is or, perhaps rather, was) now come from something which is described on the cover sheet as a "facsimilie machine." This may be a high-tech way

of being economical with the truth. Alternatively, could it be that there are lies, damned lies and facsimilies?



مكذا من الاصل

David Barchard, until last month the FT's correspondent in Ankara, describes Turkey's transformation since the 1980 coup

A bumpy ride into the modern world

AT SOME TIME during the eight years I spent in Ankara as a foreign journalist, it stopped being a hardship post. The privations of daily life in Turkey – the power cuts and shortages of everything from light bulbs to petrol - ended. Instead the Turks, a great

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nation of consumers, solved their foreign currency problems and started making up for lost time. First whisky and Nescafe reappeared in the shops. Later more exotic goods became available. My corner shop began to sell Most & Chandon champagne and stocks sold out within

Meanwhile the Turkish capital, and indeed most of the country, turned into a vast building site. Small shabby buildings were being replaced with gleaming larger ones. Pipes, roads, dams and other public works were visible

The country is still a predominantly agricultural society. In Third World fashion, shanty towns exist cheek by jowl with new blocks of luxury flats. Peasant families, men in Anatolian caps and the women veiled, wan-der obliviously past shop windows displaying electronic marvels of a different age.

Yet a dynamic commercial impulse seems to have been unlocked by Mr Turgut Ozal, Prime Minister since late 1983, which is not only transforming Turkey's appearance but serving as the mainspring of its drive to tatch up with the advanced industrial economies. The question is whether this will be enough to propel it away from under-

Turkey's economy, stagnant in the 1970s, is now one of the fastest growing in the Organisation for Economic Co-operation and Development, enough to arouse hopes of an economic miracle of South Korean proportions.

Gross national product grew by 7.9 per cent in 1986 and 6.7 per cent last year (although per capita GNP is

well below that of the rest of the OECD, at about \$1,000 (£565) a year). The transformation is real.

When I strived in the country, the same cities which are beginning to look so opulent today were paralysed. Theatrical productions played to empty houses because shooting on the streets made people afraid to go out at right. You never needed to book a restaurant table because few people had any money to spend on eating out.
Ankara and Istanbul are

now sweek with expensive restaurants. By next year Hil-ton and Sheraton hotels will serve the Turkish capital, which until recently was one of the few European or Middle Eastern capitals without a hotel from an international chain.

Wealthy Turks used to travel to London to shop. Now they not only buy things at home, but sometimes they even go for local products rather than foreign ones. Mr Ozal's export drive has fostered new standards of quality among Turkish busin "Turkey is rushing to take the place once occupied by Lebanon as the Middle East's commercial powerhouse," explains one American busi-

nessman who has been following the country since the 1960s. Not all businessmen share his view, but it is probably fair to say that optimism is strongest among the old hands who knew the bad old Turkish views of the astonishing contrast tend to be

blurred by stoicism. During the emergency of the late 1970s and early 1980s, families coped uncomplainingly with the sort of disruption to daily life which normally comes only in war-time, including the deaths of relatives and friends.

The revival of the mid-1980s has gone almost equally unremarked. Ordinary Turks can often be heard say-ing that they are glad that law and order have been restored. However, other

life excite less gratitude, though everyone scrambles to grab what they can from Mr Özal's cornucopia.

There is also some scepticism about how long the boom will last. Is it just a reflection of heavy foreign borrowing? Under Mr Ozzl, Turkey's external debt burden has risen from about \$15bn to \$35bn, although this is partly a result of the fall of the dollar. Turks have seen too many balance of payments crises not to wonder whether another is around the corner.

There are deeper questions too. The Far Eastern countries, which Mr Ozal admires, mostly have a much stronger administrative, educational and cultural basis for their

Turkey is still psychologi-cally isolated from the rest of the world. This has deep roots in a society which has had meven success in adapting to Western ways. The school standards. Classes of 80 are common, laboratory facilities are non-existent. The system encourages learning by rote and unthinking obedience; it does not welcome originality

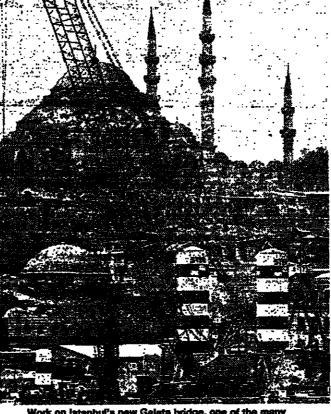
Students in large cities memorise, chest and work long hours in private crammove this decade to reduce the amount of information given to young Turks about the outside world and to emphasise "national history and "national geography".

They are also politically

polarised, though the divisions have yet to erupt again into open violence as they did a decade age in the chaotic years before the 1980 military coup.
Then the division was

tween the neo-fescist Grey Wolves and Marxist revolutionaries. Today students are divided between the left, cratic vaines. headed by the Social Demo-crats, and the increasingly pro-islamic right; One professor at Ankara's

Political Science Faculty, the is drearily politicised, being pluralist society.



training ground of the higher civil service, says: "Islamic student leaders tend to have connections with ministries before they graduate. You cannot get into some ministries, notably the Interior and Education, unless you are a member of an identifiable

Islamic group."
No one knows whether Islamic reassertiveness signals long-term social and political dangers, or a tempo-rary dualism created by the overlapping of traditional and nodern cultures. Under Mr Ozal, the state-

controlled television pays lip service to Islamic fundamentalism. But its weekly schedules also include hours of rock music and other programmes which seem intended to foster Western

More recently, in a country where all official atterances are made with ashen-faced solemnity, the Government has arranged television showings of old episodes of the BBC production, Yes, Minis-ter, A Turkish Cabinet minister explains that this is a conscious step to enhance the pation's political maturity and understanding of demo-

The best educated Turks lead a disconcertingly large amount of their lives in English. Turkophone culture between officially approved works sanitised to the point of banality, a bigoted oppositional Marxist subculture and increasingly powerful Islamic Could one of these become a

political movement, perhaps feeding on the social upheavals which go with rapid economic growth, and reverse the Western orientation of Turkey in the last half cen-

Both the Marxists and the Islamic revivalists would dearly love to do so. For the time being their way is blocked by the power of the army, which sees itself as guardian of the political and constitutional settlement it imposed on the country in the 1920s, under Ataturk, and reinforced after 1980. But much of Turkey's outward calm is maintained by draconian legislation which

and political discussion. The hope must be that, if the present wave of commercial and industrial change achieves its goals, Turkey will be able in another generation to remove the straight-jacket imposed by the guardians of the state. Then, rather as Spain did in the late 1970s, it would be able to prove that its Western institutions are strong enough to survive in a

restricts associations, unions

UK science and technology

In search of a marriage of convenience

THE PRINCIPLE of the lever is striking and great achieve-ments can result from small initiatives.

In November 1987 it was announced that a Centre for Exploitation of Science and Technology (CEST) was to be established in Manchester, drawing on the resources of a consortium of universities in seeking to influence the shape of UK science and technology. Eighteen companies had put in £250,000 each, and government £1m, sufficient to cover the operating costs of a small professional staff. The centre had taken longer

in gestation than an elephant, dating conception from the Prime Minister's letter of commendation in October 1985. This had prefaced the 1986 report, Exploitable Areas of Science, made by a working party set up by the Advisory Council for Applied Research and Development (ACARD). This body was reconstituted as the Advisory Council for Science and Tech-nology (ACOST) last year, and it will have close links

with the centre.
The ACARD report, though lacking in clarity, could lay claim to being the most radical document on British science and technology since the war. It contained the key recommendation that a "pro-cess...be established for identifying exploitable areas of science, which has some certainty of continuity, for the long-term economic health of the country." The report defined an exploitable area of science as one "in which the body of scientific understanding supports a generic (or enabling) area of technological knowledge; a body of knowledge from which many specific products and processes may emerge". However, while the report

gave clues, the process ACARD was advocating was not precisely defined, nor has it been defined since. Exactly what has been

wrong with Britain this last century as others have out-stripped it economically, and how important even now should be the country's emphasis on material improvement as against other objectives, are both matters of opinion. But among the relevant facts are that the UK in both the research councils

has had until recently an excellent scientific record, as evidenced by its count of Nobel Prizes; that British industrial companies have spent substantially less on research and development (R & D) than their competitors abroad; and that government has more than once invested large sums on technological ventures which have either

pointing returns. For the future it can be said with equal confidence that, even under the most generous of governments. Britain can expect to perform only about one twentieth of the world total of R & D.

From these considerations one may derive the criteria by which, in due course, CEST can be judged. There are at least four. First, it can help develop a better system than presently exists for ensuring that British companies are in touch with international developments in science and technology. Second, few doubt that British industry should be stimulated to fund more of its own R & D, and with a determination to get the results rapidly applied. Third, there is a role in identifying new mechanisms, as well as in supporting existing ones such as Defence Technology Enterprises, designed to pull commercially relevant scientific information out of government laboratories. Fourth, there remains a need to encourage the academic

ply as knowledge.
The director of CEST, Dr
Bob Whelan, faces a tall
order. He is helped in that, as the above criteria suggest, there is more than one way in which CEST could fully justify itself. And furthermore, despite recent improvement, the condition overall of British industry still leaves abundant scope for a body like

community to see science as

an instrument, in addition

(though categorically not an

alternative) to seeing it sim-

CEST. overdue for the trying. Its job at root is to promote, in the less-than-ideal British climate, a new marriage between the technologically feasible and the commercially desirable, using the expertise

Government, meanwhile, has settled for a very modest het on the outcome, for how else could \$1m be described? At the outset this may be right, but if CEST "works" it would be shortsighted to refuse new money. The Govinsisted on holding to level funding for the science budget, but has also said that it would be "more likely to be persuaded of the value of increasing public investment in science if the scientific community, and the users of its products, can point to increasing economic and social benefits and in particular to prospects for increased national wealth": CEST-in-spired science should be understandable objective of CEST's sponsors - to ensure that it keeps its distance from government - blind them to the advantages of amplifying a successful process via pub-

So what may go wrong? Two dangers stand out: Britain has never lacked advisory bodies. The problems have lain rather in deciding which advice was good and acting on it.

There was poignancy if not point in that the birth of CEST coincided with the death of the Technical Change Centre, a body established with a related concern, albeit a less focused aim. It is distinctly possible that the hopes invested in CEST will come to grief, despite the care which has gone into getting the formula right. But the greater CEST's success, the more a second problem may intrude -that of undue influence upon the balance of UK science funding by a body both pri-vate and selective in membership. Much here would turn on the definition of "undue" Time alone will show which of these two things is most to be feared, if indeed either is. At least, being essentially CEST is an experiment opposites, they can hardly be experienced together. Floreat CEST, fiat lux.

> The author holds a joint chair in the Departments of Government and Science and Technology Policy in the University of Manchester.

The British way is better

From Mr Erik Lambert. Sir, The announcem important study into the costs of television advertisements (FT, January 26), and its startling hypothesis, leaves one

British regulation of television via a series of inquiries (the latest was the Peacock Report) has always been admired here in France. But the projected sindy looks curiously similar to the French way of doing things: an objective is determined outside any other consideration, and any argument is then valid to justify it.

Surely nobody who believes to any extent in the effectiveness of the market economy can accept the starting point of this study. If television advertising is too expensive, advertisers is too expensive, advertisers will simply use other advertising media. If the price of television advertising is hampering the competitive position of British industry, the logical conclusion is not to create a new commercial channel, but to restrict advertising air-time — to, say, German levels. (No-one mentions the lack of competitiveness of German industry...

Technological developments and the initiatives of the European Parliament and Commission will have a formidable impact on the structures of television in every European country. In discussing the future of television, please remain British. Do not do it the French way. Do not allow short term interests to muddle the sues at stake.

Communication Medic Technique, 10 Rue Vivienne,

Letters to the Editor

Put monnet in thy purse

From Mr D. Simon Harper.

Sir, Every time I read or hear
the expression "European Currency Unit" I have an urge to
write to a newspaper and suggest a better name. The suggestion I have long had in mind
seems so self-evident that thousands of neonle must have sands of people must have thought of it. But I continue to read about the European Currency Unit, and it continues to grate on me.

Currency names are high-freonency words; they need to be short. Most of them are. Many have only one syllable: pound, cent, mark, franc, crown, yen. Others have no more than two dollar, penny, rouble, schilling, gulden, lire it is true that the European Currency Unit (nine European Currency Unit (nine syllables) is usually shortened to "ECU" – but you can say "the pesets" faster and with less enunciatory effort than

as an historical term - and a it could be some time before French colloquialism for we can get the London taxi driver to accept any kind of

ends with "cu", which might be fine with the Romanians but is almost without parallel in - for example - English (It will be a long time before we can casu-ally ask a London taxi-driver whether he is prepared to accept écus.) No, we need some-thing as neutral as possible, a

name that will trip blithely off any tongue from Gibraltar to Kristtinankaupunki. There is an old and sensible tradition whereby units are named in honour of men and women who have contributed prominently to the sciences in which they are used: watt, ampère, volt, ohm, hertz, angstrom, joule, curie, newton and so on. Apply it to the present problem and there is only one problem and there is only one problem and there is only one prom Mr J. Roy.

candidate: the monnet. Could any other name be better for the purpose? Jean Mon-net might almost have picked less enunciatory effort than you can say "Thee-ee-see-you."

The only shred of legitimacy that "ECU" can claim is that over many centuries of French history - to 1938 - there have been colas called the ecz. But net will never give us any trouben colas called the ecz. But that counts against it. We need the net will never give us any troutant aname that will apply solely to the new unit. Let us leave "ecu" as an historical term - and a French colloquialism for we can get the London taxi

A further objection is based European currency, but we on the fact that "ccu" is so pre-shall get there faster with the eminently and exclusively moune than with French it begins with "e acute" Simon Harper,

which firs admirably into Zumsteinstrasse 6,

French, but awkwardly into Horse Communications. monnet than with the ECU. Simon Harper, Zumsteinstrasse 6, any other European tongue. It West Germany.

Home thoughts on abroad

From Mr Ion Miles.

Sir, No English equivalent for the ugly "domotique"? France taking the lead in "intelligent homes" ("Home Sweet Home," January 22)?

The term "home informatics" was used for an international conference held in the UK in November 1986, partly spon-sored by the Department of Trade and industry. It featured the European idea of "interac-tive home systems" (IHS) - a challenge to the Japanese/US ides of "smart homes." The Exreka project on IHS, to which Pani Betts refers, is very much the product of British initia

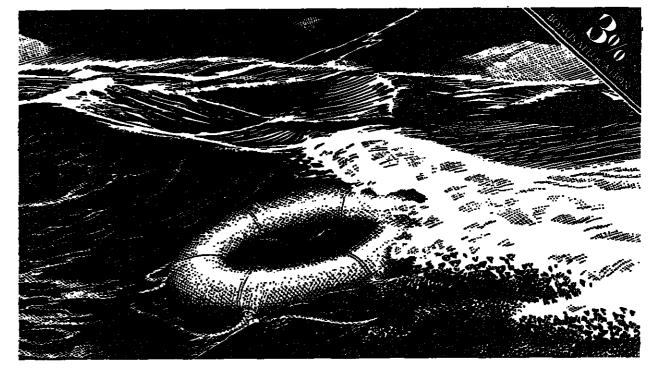
Science Policy Research Unit, University of Sussex,

Sir, The use of aerosol sprays as weapons ("Defensive Posi-

tions," January 16) will be in breach of the existing 1968

warned that you may use only minimum force to resist your attacker, and your response must cease when the attack

14c Merchiston Mews, Edinburgh, Scotland



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'Management experts will pore over Midland and Crocker'

From Mr Andrew Compbell, Sir, In the early 1980s I was Sir, in the early 1980s I was. The problem was more working as a consultant with deep-rooted than the Crocker the top management group at experience alone. Midland Midland; I congratulate David Lascelles for a penetratingly accurate description of the Midland/Crocker sags (FT, January

researching the role of corpo- international bank. The centre rate headquarters - in particu- at Midland did not know what lar the relationship between headquarters and subsidiary

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never found a satisfactory way to manage the Clydesdale Bank subsidiary either, and Geoffrey and/Crocher sags (FT, January Taylor was at the time search-15, 27, 29). Ing for a central role in relation Since then I have been to the domestic bank and the essarching the role of corpo-international bank. The centre

it should be doing.
Our research, based on 16 headquarters and subsidiary companies. The conclusion is that headquarters must manage either by getting involved in "holding company" style is infectionally against some performance objectives.

With Crocker, Midland did neither. As Mr Lascelles on the acceptable manage explains, the Crocker board meetings contained no detailed allowed it to get into the discussion of budgets, business plans or targets." But I feel the and made it possible for Tom saticle could have made move of the failure, at the centre of British opposite manber. The hanks But it should no increase of the sevent was swedied targets for insenting the failure, at the centre of British opposite manber. The hanks But it should no increase for the sevent was swedied targets for insenting the failure.

a number of capable people, as and senior executive level per-well as a near-sinking of Mid-land. and senior executive level per-sonnel in both banks were will-ing to try to work together in a

companies face large expansion or diversification co-operation. This was stifled decisions, it is essential that by cross and inconsistent directhey consider whether their headquarters has a robust and effective management style.
Andrew Campbell,
Ashridge Strategic Management Centre,

Sir, I congratulate David Las-celles for his enthralling series of articles on the Mid-land/Crocker deback (FT, Jan-uary 25, 27, 29). As one of the (very few) less senior people who served with both banks during the "troubles," much of what I read rang true. Mr Lascolles rightly high-

lights the considerable cultural barriers between the two banks. But it should not go

I Kingsway, WCZ

reasonable spirit of respect and co-operation. This was stifled tives from those at the top of both banks. It led to mutual suspicion and

recrimination in both banks. What was remarkable was that ement of one bank would not admit to the strengths - in technology, systems, reporting procedures and credit processes, for example - of the other. The atmosphere was red-olest of a combination of "Yes Minister" and "Pawity Towers."

Although obligerating Crocker in the process, I believe Mid-land has taken the lessons to heart; these may have enabled it to deal with the Greenwell Mostagu problem so decisively. The real winner, of course, was Wells Fargo (and Tom Wilcox). David Hilditch,

FINANCIAL TIMES

Wednesday February 3 1988



Nurses and seamen strike in defiance of Thatcher

BRITISH NURSES began a national strike campaign year terday and merchant seamen said they were prepared to risk jail as they walked out in show of growing defiance against Mrs Margaret Thatcher, the British Prime Minister, FT staff report from London.

A third of the UK's coal pits also faced cutbacks after a one-day strike on Monday by mine security workers suggesting faced cutbacks after a one-day strike on Monday by mine security workers suggesting that Britain's long period of industrial harmony may be over — at least for the time being.

Hundreds of nurses abandoned their usual moderation to honder the hospital gastes with plactors and sequestration of seamen which could involve heavy for failing to head off ward closure and cut waiting lists for operations.

Murses stood on picket lines at the hospital gates with plactors are the hospital gates with plactors and sequestration of seamen and play possible through a complete reorganisation.

The second challenge to the seamen at English Channel Services minister told trade union officials on Tuesday he would not pump more funds.

Services minister told trade union officials on Tuesday he would not pump more funds only emergency services.

The nurses' trade union officials on Tuesday he would not pump more funds only emergency services.

The nurses' trade union officials on Tuesday he would not pump more funds only emergency services.

The nurses' trade union of Seamen which could involve heavy fines and sequestration of puly possible through a complex periods.

Services minister told trade union officials on Tuesday he would not pump more funds.

Service of failing to head off ward closures and cut waiting lists for operations.

The second challenge to the union's first since contains examen began a 24-hour strike in support of 161 sacked union officials on Tuesday he would not pump more funds.

COHSE, criticised by Mrs workers suggestion.

The nurses' trade union officials on Tuesday he would not pump more funds would not pump more funds would not pump more

The second challenge to the Government came when merchant seamen began a 24-hour strike – the union's first since 1981 – in defiance of a High Court injunction declaring the walkout illegal.

Last night in an escalation of the dispute, Peninsular and Original Course of the dispute, Peninsular and Original Course of the dispute, Peninsular and Original Course of the Course of th

Four East German dissidents released

EAST GERMANY yesterday released four dissidents from prison to West Germany amid signs that all the recently arrested dissidents will be freed by the weekend, writes

Mr Stephan Krewczyk, a prominent ballad singer, and his wife, theatre director Freya Klier, were among the four who left yesterday. Mr Wolfgang Vogel, an influential lawyer and a confidente of Mr Erich Honecker, the East German leader, said he expected that all detainees would be released by the end of the week and could leave

the country if they desired.
The arrests of some 20 people, 11 of whom have received prison sentences of up to one year, have triggered growing protests in East German churches. The detentions occurred when 200 civil rights supporters, many wanting to leave East Germany, tried to join an official rally on Janu-ary 17 commemorating the murders of the pre-war Ger-man Communist leaders, Rosa Luxemburg and Karl Lieb-

The West German Government welcomed the prospect of the releases, and said

ship's apparent concession was signalled on Monday make the Protestant church responsible for curbing the man Protestant official, Mr activities of "unruly" activities of suruly activities of suruly

everything should be done to avoid harming relations threaten the existence of between Bonn and East Berlin.

The East German leadership's apparent concession was signalled on Monday was signalled on Monday wight by a senior East German leadership's apparent concession which the protestant church make the Protestant church responsible for employe the

Civil rights supporters in church leadership in a com-East Berlin said yesterday promise with the Government they suspected a deal with last December.

The church provides a cautious conduit for dissent, writes Leslie Colitt in East Berlin

Rising rebellion of a nation's youth

A MOVING service attended by nearly 2,000 East Berliners in St Bartholomew's Church on Monday night made crystal clear the rising challenge to the East German leadership. For the third time in four days, tens of thousands of largely non-religious East Ger-

mans have squeezed into normally empty Protestant churches in a powerful display of solidarity with civil rights campaigners who have been arrested and sentenced

recently.

The activists had tried to join an official party rally and had been convicted of attempted "illegal assembly," while some are accused of "treasonable contests," with the West. contacts" with the West.

Most of those in St Bartholomew's were well-behaved

young people wearing freshly washed parkas and jeans. This only made the dilemma more acute for Mr Erich Honecker, leader. Instead of a new generation of unflinchingly loyal citizens, he is faced with a growing mood of opposition among the cream of East German youth.

Although few are religious,

they are sheltered by the nor-mally cautious Lutheran Prot-

estant church. And church leaders are torn, as was Martin Luther himself, between their spiritual and secular roles. The rising rebellion of East German youth, however, is still confined to an elite minority. Few students from East Berlin's Humboldt University dared show themselves at the church protests, for fear of being blacklisted. Typically, East German workers express contempt



Rising challenge: Honecker cannot rely on a new ge unflinching loyalty

ring to them disparagingly as travel there. Hungary, a "peacies." favourite holiday goal for East "They don't know what real Germans, has also again work is, and now they are restricted currency allowances blowing their tops about human for them. In both cases, East rights," a hefty East Berlin truck driver said. "Someone should whip their backsides. Prospects for an alliance between intellectuals and workers, as was forged in Poland in 1980, are remote in East Ger-many, where the gulf between intellectuals and the rest of society remains deep. Whether it can ever be bridged will

depend on several factors.

The most important is the ostensibly booming but, in reality, badly obsolescent, centrally planned economy.
Ordinary East Germans
learned with dismay last month
that Czechoslovakia, where 7m

East Germans travelled last for the young people who cam-paign under the banner of amount of Czechoslovak cur-peace and civil rights," refer-rency East Germans can buy to gather in the churches, the

ground. His father was a retired professor. But he said he was determined not to enter into the same "foul compromises" with the party as did his father and, under the Nazis, his grandfuther.

among the young advocates of civil rights might decide there was little sense in being arrested and imprisoned. Instead, they might seek to change the system from within, much like their fathers and grandfathers. grandfathers.

The young man and many of his friends regard the support for their activities of the East German Protestant church as a mixed blessing. While appreciating the clergy's efforts on their behalf, they are critical of rose church's caution. Moans rose from a good number of young people in St Bartholowew's church when a prayer was read to them: "Lord and Father, we ask you to give Father, we ask you to give those who hold power in our

But they applauded wildly when the immensely popular 44-year-old church lawyer, Mr Wolfgang Schnur, told them that solidarity was needed, as well as prudence. The church's decision last December to disnantle its previous candlelight vigils in protest against a raid on the rectory of Zion Church met with dismay among young civil rights activists.

But both the church, whose appeal has otherwise dwindled

to a small hard core of the faithful, and most of the young people have come to realise they would be in a far weaker position without each other.

would be reporting to us.

The new company - Wasserstein, Perella & Co - will be "a prototype of the merchant banks of the 1990s," said Mr Ward.

Executives quit First **Boston**

FIRST BOSTON, the blue-chip Wall Street investment com-Wall Street investment company, yesterday suffered a wounding blow with the resignation of two star corporate financiers who generated 65 per cent of the company's business last year.

Mr Joseph Perella and Mr Bruce Wasserstein, co-heads of investment banking at the company, yesterday quit First Boston to set up their own company.

pany.
Two other senior executives

Two other senior executives of the 170-strong investment banking division, Mr Bill Lambert, creative director of mergers and Mr Charles Ward, cohead of mergers, will join the new company, which will specialise in the risky, capital-intensive takeover trade known on Wall Street as "merchant banking"

ing."
The summary resignations strug the climax of a bruising strug-gle for power at First Boston, leave the company without their main money-making bank-

grandfather.

A real danger existed, he admitted, that the more elitist founded the mergers-and-among the young advocates of civil rights might decide there ful on Wall Street after the full on division at Goldman Sachs. Mr Wasserstein, regarded as one of the cleverest takeover advisers of recent years, earned multi-million fees from helping fash-ion big mergers of the 1980s. Last year, the investment

banking group generated \$849.6m of First Boston's \$1.32bn in revenues. First Boston stock closed down \$1% at \$24%.

anan, the company's chief exec-utive. The highly successful mergers group complained that too much of the company's resources were going to its bond traders, who suffered bad losses in 1986 and last year. At the end of last year, Mr Buchanan gave the two men expanded powers by placing corporate finance and property finance under their extent. finance under their control. But with the fundamental direction of the company, not about whether another 100 people would be reporting to us."

Societies Act that any disapalli good things must come to an lie in the land pointment at yesterday's broad end. The expected continued tem alone.

THE LEX COLUMN

Ferruzzi sticks to its old ways

The slowdown in December's US leading indicators shows the divergence in US and UK bond yields being borne out in the two economies. The UK's growth looks increasingly out of step in the international context; on the other hand, yesterday's cut in US prime rates will scarcely help in attracting much-needed foreign capital to this week's Treasury bond auction.

Ferruzzi/

Montedison

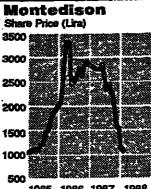
With a little bit of help from a self-styled peasant from Rav-enna, Italian capitalism has once again turned its worst face to the world. Plans put forward by Mr Raul Gardini for restru-cturing his Ferruzzi-Montedison cturing his Ferruzzi-Montedison empire have provoked squeals in Italy over a possible abuse of shareholder rights. And although the Milan regulatory authorities yesterday carpeted Mr Gardini to demand an expla-nation, their power to stand in his way is limited, in practice if not in orinciple.

not in principle. Mr Gardini's scheme gets full Mr Gardini's scheme gets full marks for audacity, if not for transparency. If the plan goes through, his family holding company will end up with the very solid assets of Iniziativa Meta (64 per cent owned by Montedison) in its balance sheet, and will have retired 1.2,000bn of Montedison's 1.7,800bn debt, reducing that company's debt/equity ratio to company's debt/equity ratio to 100 per cent. And the coup de grace, through a sort of disguised rights issue to Montedison shareholders, it will have son snarenolders, it will nave managed to get them to stump up the cash to finance, retro-spectively, the purchase of 42 per cent of their own company Montedison shareholders, for

their part, will exchange Meta assets for paper from Ferruzzi Finanziaria, the unquoted family holding company — with no way of valuing their holding until the company is floated at an unnamed future date. Sharean imnamed future date. Snare-holders have been promised a prospectus on the listing before they decide whether to exercise their rights. The quality of information included in the pro-matter could give an important spectus could give an important clue to whether Mr Gardini intends to play by the rules of the international capital mar-

Building Societies

The building societies have



would suggest they are becom-ing unhealthily used to getting their own way. Perhaps the societies are right to complain that the limit on consumer lendchanging the rules every time a building society threatens that it would otherwise convert to a plc, the Government has finally

removed all the major specific constraints, and, after the lat-est amendments, the legislation should prove flexible enough to withstand the perpetual change in the financial retail market. However, the new powers do not mean that those societies considering going public for the right reasons will be deterred. Even under the new rules, building societies' chief business is domestic mortgage lending, financed largely by retail savings. Those which want better access to capital to become big financial services companies will still under the nies will still undergo the lengthy transformation into a

plc. Any society which still feels hard done by can console itself that by being forbidden until now to invest in stockbroking or venture into fund management, it may have been saved a costly mistake.

NFC

Consortium's decision to throw in the towel and apply to join the ranks of publicly quoted companies. It has been an extraordinarily successful example of an employee-owned company, and the near fifty-fold rise in its shares over the last five years has sent several secured so many important of its original worker share-changes to the 1986 Building holders into tax exile. However,

HEAD FOR

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~A STEP IN THE

rapid growth of the company over the next few years means that future employee share-holders are unlikely to be able to offset the selling pressure of an ageing workforce, and institutional shareholders would end up buying control of the company on the cheap.

The proposed introduction of

the shares is a sensible compro-mise. It means that existing shareholders are free to make : decision on whether to sell, and the market price should give them a better indication of their company's true worth.
Nevertheless, putting a price on
the company could be difficult.
It is more highly geared than its expansion of their powers is designed to deter predators. That said, the continued employee involvement and the above average earnings and profit growth should mean that it can command a premium over the transport sector. NFC that the limit on consumer lending should have been lifted the transport sector. NFC altogether, and that the pace at shares, which were last valued which non-traditional assets at 117.5p, could be worth can be added should have been further accelerated. But such ting on for \$600m - on the grumbles miss the point. By basis of the company's forecast changing the rules every time a of 20 per cent growth in earn-

Grand Met

Grand Met's plan to sell 700 of its pubs looks a logical next step in a vigorous overhaul: first the disposal of unwanted bits in the US and in contract services, now the shaking up of the home base. The other big brewers would doubtless like to follow Grand Met's example in getting rid of the fag end of their tenanted estates, but perhaps only Grand Met has its brewing capacity well enough in line with demand to take the risk. Indeed, the pubs in ques-tion are claimed to account for only 2 per cent of the group's total beer sales, so at present growth rates their throughput could be made good in less than

a year.

The wider significance of the move lies in the continued breaking down of vertical integration by the big brewers, particularly in the light of the Monopolies Commission inquiry into the tied system. Regional There must be a certain sad-ness about the National Freight from excess brewing capacity because of the inroads made by the big brewers lager brands, will doubtless be in the market for more pubs to take up the surplus, thus increasing their dependence on the tie yet fur-ther. For Grand Met, busy get-ting rid of its smaller pubs and investing heavily in brands like Fosters and Budweiser, it starts to look as if the real risk would lie in the MMC leaving the sys-

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Egypt dismayed by US veto of UN resolution on Israel

Egypt expressed dismay yester-day about the US veto of the resolution calling on Israel to respect "the rights of the Pales-tinian people" and apply the Fourth Geneva Convention in its handling of the uprising in the occupied territories, write Richard Johns in London and Stewart Fleming in Washing-

American diplomats yester-day suggested that the US had

The peace talks have been planned along the lines of the resulted in the killing of at Camp David agreement of 1978 least 40 Palestinlans.

Which provided the framework for the Israeli-Egyptian peace over the outcome of the UN

voted against the resolution conflict would take a long time prosecutor Mr Yona Blattman because its passage might jeopardise Israeli acceptance of a President Mubarak's characteristics. ardise Israeli acceptance of a new initiative.

Washington is reported to stricture was made in Parishave prepared proposals for a limited form of Palestinian cois Mitterand of Prance and self-rule for one year prior to peace talks on a final settlement, to be held within the septicism about the US Administration and the proposals of prisoners in testimony given by the retired US automobile worker.

Mr Demjanjuk, who could face the death penalty if convicted, is accused of being minister, amid widespread "Ivan the Terrible," who tortured thousands of prisoners in testimony bile worker. istration's latest initiative to defuse the crisis which has resulted in the killing of at least 40 Palestinians.

PRESIDENT Hosni Mubarak of treaty, but with a much tighter vote was plain. "It would have been preferable for the US to schedule.

The White House denied yesterday that it had put forward new proposals about autonomy. Mr George Shultz, the US Secretary of State, addressing the House of Representatives Foreign Affairs Committee, said alleged Nazi war criminal, was

that Mr Richard Murphy, one of accused by an Israeli prosecuhis deputies, would travel to tor yesterday of making up an
the Middle East to try to inject alibi to conceal time spent as a
momentum into the peace probrutal death camp guard.

the goods required to obtain the

foreign exchange for its citi-

The discontent this has

aroused is widespread and corrosive. The more than 1m visits

by East Germans to the West last year have increased frus-

trations rather than lowered

A young civil rights sup-

workers realise that mere

grumbling no longer helps and intellectuals realise that we can't achieve anything without

reforming the economy is there

between them.

a chance to create a bond

ess. In closing arguments at Resolution of the Arab-Israeli Demjanjuk's 11-month-old trial,

before gassing them to death at Treblinka in Nazi-occupied Poland during the Second World War.

Mr Demjanjuk testified that he was never at Treblinka.

UK says relations with Irish Republic 'difficult'

AND OUR BELFAST CORRESPONDENT MR TOM KING, the British Gov-

much of the Nationalist con nity in Northern Ireland have

discussion had taken place with Mr Gerry Collins, the Minister for Justice, and Mr Ray Burke, the Minister for Energy.

turned.

BY KIERAN COOKE IN DUBLIN

ernment minister responsible for Northern Ireland, admitted at the end of five hours of talks with ministers from the Repub-lic of Ireland in Belfast yesterday that relations between the two governments were going through their most difficult period since the signing of the period since the signing of the Anglo-Irish agreement in 1985.

"Very serious problems were raised, very difficult issues were discussed," he said.

The Anglo-Irish accord gave the Irish Republic a consultative voice in the affairs of the British province.

The meeting was requested by the Irish Government after the British Attorney General, Sir Patrick Mayhew, announced last week that no prosecutions would be made against officers of Northern Ireland's Pavel Ulster Constabulary police force alleged to have been involved in a "shoot to kill" wanting to know exactly what campaign in Northern Ireland in 1982. of Northern Ireland's Royal

there was evidence that some RUC officers had attempted to subvert the course of justice, interests of "national security" prevented further action. The Irish Government and

expressed their anger at this Mr King said a full and frank

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World Weather Application Alligient Amplication Amplication Amplication Amplication Benglish Bengl

Washington warns FAO on budget Continued from Page I

Continued from rage 1
the Nordic countries, the
UK and Canada, is determined to assert the principle of "donor power" and
curb what they see as MrSaonma's excessive independence in running the
Eome-based FAO. The UK is
delaying payment of its delaying payment of its \$14.2m contribution to underline its desire to bring about change.

Although not a founder member, the US has become

an influential member of

the group as the country which pays 25 per cent of

the FAO budget. Washing-

ton is already \$68m in arrears on its 1986-87 payments to the organisation and Congress has only authorised the payment of \$38m, subject to strict conditions.

At yesterday's meeting, the US representative did not challenge Mr Saouma's interpretation that US policy was to withold all payments until it secures reforms in budgetary procedures. These were voted down in the FAO council last November. Mr Saonma, re-elected to

a third term last November, yesterday offered to negotiate a compromise between the US position and that of countries ready to adopt softer reforms. But his plea that the US quickly release \$30m brought no response. He said afterwards that the PAO needed receipts of \$280m to cover its 1988 bud-

get and debts of \$35m. The FAO is attempting to economise but much deeper cuts would be needed to make up the budget short-fall, however. lii 😉

क्षात भेटन

Wednesday February 3 1988



Ferruzzi trading halted as share price plunges

TRADING in Ferruzzi and Montedison companies was
suspended on the Milan bourse
yesterday after their shares
went into a free fall in reaction
to the reorganisation plans
announced at the weekend by

My Baul Cardini the Ferruzzi

holders in Montedison and in
Meta. "If a blue chip company
Meta in Montedison had been valued at
can get away with behaviour
like this, people are going to be
very scared about investing in
the Italian stock market", said
one financial analyst in Milan.

There was little optimism in
one financial analyst in Milan yesterday that the reorapplication would be ground by Mr Raul Gardini, the Ferruzzi group's chairman. Ferruzzi holds a controlling stake in

Investors' reaction to the plans plunged the wider market into deep gloom, hitting blue chips of every kind from Fiat to the insurance glant, Generali. The Milan Stock Exchange Index closed at 930, down 2 per

most closed at 850, flown 2 per cent on the day. Montedison ordinary and savings shares were suspended shortly after the start of trading after they had fallen more than 10 per cent. Also suspended were Iniziativa Meta, Montedison's insurance and financial services subsidand intalicial services subsid-iary, Silos of Genoa, another Montedison subsidiary, and Ferruzzi Agricola, which con-tains the Ferruzzi group's agribusiness interests.

The core of the Ferruzzi plan is Meta's absorption into the family holding company, Fer-ruzzi Finanziarla. Montedison owns 64 per cent of Meta and its shareholders are to be offered the chance to buy 15 Ferruzzi Finanziaria shares for every four of Meta.

The market is reacting against what is seen as a highly cavalier treatment of share-

Abitibi

improves

to C\$125m

ABITIBI-PRICE, the Toronto-

based newsprint group, has reported earnings for the 1987 fourth quarter of C\$34.6m (US\$27.2m) or 47 cents a share,

against C\$28.8m or 38 cents a

C\$786.1m (C\$697.9m). The improvement in 1987

reflects higher newsprint prices and stronger performances from the company's distribu-tion and building products

The company said it expected improved results from some of its divisions in 1988, but cau-

in the Canadian dollar could dampen earnings. Mr Bernd Koken, chairman,

said: "Newsprint markets will be at their best and we expect a solid turnround in the ground-wood papers and costed papers

segments.*
He added that, barring a large economic reversal, 1988 should be a good year for the businesses. However, "further increases in the value of the Canadian dollar against major currencies could seriously undermine an otherwise positive outlook."

OCrown Forest Industries,

one of two large Western Canadian lumber and pulp and paper producers acquired in 1986-87 by New Zealand's Fletcher Challenge, more than doubled net profit last year with the help of strong international pulp demand and rising prices, writes Robert Gibbeas in Montreal.

Earnings reached C\$100.7m or C\$10.18 a share for 1987; up from C\$38.3m or C\$4.03 a year earlier. Sales were C\$1.03bn

against C\$864m.

Besides strong demand for pulp, the lower international value of the US and Canadian.

dollars made North American

pulp producers more competi-tive last year and overseas prices in US dollar terms

year earlier.

For the year net earnings rose from C\$110.1m or C\$1.50 a share, against C\$125.7m or C\$1.70. Revenues rose from C\$2.76bn to C\$2.99bn, with a fourth-quarter contribution of C\$786.1m (C\$697.9m).

to \$3.21bn.

In an attempt to assert a regulatory interest, Mr Francesco Pigs, chairman of the Consob, the stock exchange watchdog, called Mr Gardini in and asked him to explain his intentions.

Investors are demanding more information on the valua-tion of Perruzzi Finanziaria, tion of Ferruzzi Finanziaria, which is not a quoted company, and does not publish consolidated accounts, but which would seek a public listing at the end of the exercise. Control, however, would remain with the Ferruzzi family.

Mediobanca, whose celebrated director, Mr Enrico Cuccia, is regarded as the architect of the reorganisation plan, has published one Ferruzzi Finan-

Ferruzzi attempted to quell four.

Ferruzzi attempted to quell ferruzzi Finanziaria's net the clamour by issuing a statement late on Monday which added value from investments added value from investments of L1,225bn, to give a total of L1,770bn.

The other companies involved in share swaps, Ferruzzi agriculturally be submitted to Touche Ross and Price Waterhouse.

Price Waterhouse. est, had been valued according It also revealed that the to the same methods.

BY-OUR FINANCIAL STAFF

Lockheed said its funded

backing at the end of 1987 fell to \$8.4bn from \$9.6bn at the end of 1986. Its total backing at

the year-end was \$12.5bn compared with a total of \$17.7bn at the end of 1986.

The lower backlog was partly due to the maturing of two important contracts, the C-5B

military transport programme for the US Air Force and the US

Navy's Trident II missile pro-

TRANS WORLD Airlines, which is controlled by Mr Carl Icahn, the takeover specialist, has reported a return to profit in the winter menths, with fourth-quarter earnings of \$51m or

\$1.20 a share, against a loss before special items of \$37.5m.

syr.5m.

The results, which showed a \$17.7m improvement in operating performance at the sirline, completed a year which Mr Icahn said was the most profitable in the company's 60 years of operation. The airline had operating profits of \$210.5m last year, against a loss from operations of \$75.3m in 1986.

Mr Icahn, who controls 73 per cent of TWA and now uses it as his main takeover vehicle, said: "TWA's dra-

TWA reports best-ever

year with \$210m profit

of Montedison shares.

There was little optimism in Milan yesterday that the reorganisation would be stopped by the Consob, which is illequipped to take on the powerful Mediobanca.

Analysts expect little shareholder interest in the Ferruzzi Finanziaria offer and expect a large block of its stock to end

large block of its stock to end up with Mediobanca and its three shareholder "banks of national interest", Credito Itali-ano, Banca Commerciale and

of the reorganisation plan, has published one Ferruzzi Finanziaria balance sheet. This was for the year ended December, 31 1986 and it revealed a turnover of L6,153bn (\$5bn) and profits attributable to shareholders of L93bn.

the statement said that the base had been the capital value of the two companies on October 31 1987. This had produced a share value for Meta of L14,335 and for Ferruzzi Finanziaria of 13,848, a proportion of 15 to four.

It also said earnings were favourably affected by lower

Lockheed earnings rise 22% to \$134m

for American Cyanamid

By Our Financial Staff

• Grumman another leading US defence contractor, said it us defence contractor, said it hadsigned an agreement with the US Navy which resolves material differences over technical problems in the development of the navy's F-14D fighter. The agreement will fighter. The agreement will result in a pre-tax charge of \$60m against fourth-quarter earnings, which will be amounced later this month. In the 1986 fourth quarter, grant to \$3.02 a share, 36 per cent higher than the \$202.5m or \$3.12 recorded in 1986. Sales rose 9 per cent, to \$4.17bm from US biotechnology and chemicals

on sales of \$930.6m.
Since August 1986, Grumman
has reported the existence of
technical problems associated with the F-14d and A-6F development contracts which could significantly affect costs and the sale of the Jacqueline Cochrane perfume business and the La Prairie skin care concern.

attributed the record profits to the way the market had accepted Cyanamid's new prod-ucts and technology and also to favourable exchange rates. The medical division reported record operating profits of \$216.4m in 1987, an 18 per cent

rise from the previous year's \$184m, on sales of \$1.64bn, up 14 per cent from \$1.44bn.

Operating profits in the agricultural division were up by 48 per cent at \$124.7m, compared with \$84.1m. Sales increased by only 5 per cent, to \$919m from \$873m, due to Cyanamid's withdrawal from the upgraded phosphate fertiliser and animal-feed minerals business in 1086

mai-feed minerals business in 1986.

The chemical division's operating profits rose by 35 percent to \$68.2m from \$50.5m in 1986, on sales of \$1.04bm, compared with \$948m.

Cyanamid's consumer products business the Shulton

\$106.2m or \$1.65 a share against heavy losses, do not include \$123m in unrealised investment gains. TWA has large, speculative investments in such companies as USX and Texaco.

The figures for the fourth quarter of 1986 did not include a special once-and-for-all gain of \$122.5m from the sale of a half-share in the airline's computerised reservation system. ucts business, the Shulton Group, raised its operating profits by 75 per cent to \$57.5m, against \$32.8m.

PepsiCo sparkles with 26% advance

By James Buchan in New York

PEPSICO, the world's second largest producer of soft drinks, yesterday reported a 26 per cent increase in net income in the fourth quarter on the strength of big gains in profit-ability at all three of its main businesses.

PepsiCo, which is based in Purchase, New York, said earn rings in the December quarter rose to \$147m or 55 cents a share on a 14 per cent rise in sales revenues to \$3.47bn.

The improvements were spread throughout the company's soft drinks, restaurants and snack foods divisions.

For the year, PepsiCo reported a 30 per cent increase in net income to \$595m or \$2.26 a share on a 26 per cent rise in sales to \$11.50bn.

Mr Wayne Calloway, chair-man, said: "We achieved solid yolume gains and margin improvements in each segment, and this provides strong momentum for a highly successful 1988. We expect earnings to grow again at double-digit levels."

During the quarter, PepsiCo enjoyed its sharpest profit gain in snack foods, where strong growth at its Frito-Lay busine

growth at its rino-lay business led to a 52 per cent gain in operating profits.

The profit improvement in soft drinks was 11 per cent, thanks to a 30 per cent gain in domestic profits. Volume gains and the profits of the profits of the profits of the profits of the period of the p were 7 per cent at home and

overseas.

Operating profits in the restaurant business, which includes Kentucky Fried Chickan and Pizza Hut, rose 39 per cent on a 28 per cent gain in sales.

LOCKHEED, the leading US acrospace contractor, reported interest charges, reflecting the higher debt incurred with the quarter net profits to \$134m or \$2.07 a share, up from \$110m or \$1.67 for the same period in 1986 acquisition of Sanders Associates, offset higher profits in 1987. Record quarter

AMERICAN CYANAMID, the Grumman reported net earnings rose 9 per cent, to \$4.17bn from of \$24.8m or 72 cents a share, \$3.82bn.

Net profits in 1987 included an \$11.6m gain from the early redemption of securities by Formica, which Cyanamid divested itself of in 1985. Profits from continuing operations in the year included about \$12m from

Mr George Sella, chairman, attributed the record profits to

UK-BASED GROUP EXPECTED TO RAISE £134M ON SALE OF 12% OF OUTLETS

GrandMet to sell off 700 pubs

GRAND METROPOLITAN, the UK-based drinks and hotel group, is to sell about 700 tenanted public houses - 12 per cent of its licensed outlets. Analysts estimate the sales could raise more than \$130m (\$234m).

than \$130m (\$234m).

Discussions on the sales, being held with several brewing and leisure companies, are said to be at an "advanced stage." Grand-Met, which this week conceded defeat to Seagram after a protracted battle to acquire Martell, the French cognac house, is offering the public houses in three blocks located in the Midlands. East Anglia and the lands, East Anglia and the south coast of England.

The sale is a radical move in an industry where the

major brewers have concentrated on building up their estates of public houses with disposals being made on a piecemeal basis.

GrandMet, Britain's fourth biggest brewer with trading companies including Watney Combe Reid, has been among the most aggressive in cost rational-isation. It recently closed breweries in Norwich and Manchester.

The brewing division of GrandMet, with brands including Budweiser, Web-ster's and Foster's, made a trading profit last year of \$100.4m with beer sales increasing by 4.5 per cent in a static marketplace.

Mr Allen Sheppard, chair-man and chief executive of

GrandMet said: " This is very much an upgrading of our portfolio of properties. We looked at the shape of our tenanted estate from the trading point of view. The public houses to be sold make up less than 2 per cent of our overall beer sales."

Mr Sheppard said resources released by the sale of these low beer bar-relage public houses could be invested in the remaining 3,800 tenanted public houses and 1,600 managed

A similar rationalisation excercise has been carried out among the managed houses where GrandMet is ow acquiring properties. The sale of the 700 ten-

anted bouses, GrandMet said, had nothing to do with the current Monopoly and Mergers Commission inquiry into the brewing industry. The move will, however, cut the concentration of its public houses in areas such as East Anglia, vhere critics have alleged it had a near monopoly on public house beer sales.

Companies tipped by analysts as likely to be interested in buying the public houses – which will not be sold off individually – include Wolverhampton & Dudley Breweries, Devenish, Buckley's Brewery, Belhaven, First Leisure and Midsummer Leisure. GrandMet's share price closed at 457p per share, up

Farmers Group forecasts 15% boost in profits for full year

FARMERS GROUP, the US insurer facing a \$4.2bn bid from BAT Industries of the UK, from BAT Industries of the UL, has told the first meeting with stockbrokers' analysts in its 60-year history that it is expecting to show a 15.5 per cent rise in earnings for 1987.

Profits were likely to be in line with recent analysts' forecasts of between \$3.55 and \$3.60 a share. Farmers said.

\$3.60 a share, Farmers said.
At the meetings the Los Angeles-based insurer - by tra-dition one of the US insurance industry's most reticent compa-nies - also firmly restated its opposition to a takeover by BAT, the world's biggest pri-

wate sector tobacco company.

However, some Wall Street analysts who attended the meetings in Manhattan on Monday believe Farmers would accept BAT's proposal if the British company raised its offer for the group above the \$60 a share it proposed on January 13.

They noted that Mr Leo Denlea Jr, Farmers Group's chairman, told analysts that BAT's "There are not many compasenior management was "highly responsible and highly respect-able." Farmers appeared "trac-table and contrite" at the meet-

ing, one analyst said. On Monday, Farmers Group's shares rose above the \$60 threshold for the first time since BAT made its proposal public, closing up 1% at \$60%, an indication of US investors' expectations of a higher offer.

board of directors of the company will not put the company

on the auction block for sale." BAT to make another offer, but exchanges domiciled in nine was convinced that it would states. best serve shareholders and policyholders by staying inde-pendent. need prior approval from insur-ance regulators before acquir-

pendent.

The group had achieved an arce regulators before acquiring more than 10 per cent of average 21 per cent rate of the company.

nies in the world that have done this," Mr Denlea said. However, Mr Herbert Good-friend, an insurance analyst with Prudential Bache Securities, the investment bank, said he had the impression that a higher offer might not be received unfavourably.

Another key issue raised at the meetings - which are to be followed with further investor But when asked last night relations sessions this week in why Farmers had not agreed to Boston and Philadelphia – was meet BAT, Mr Denlea said: "The the regulatory process through which a BAT/Farmers bid would have to pass.
Within the Farmers Group

Farmers was not waiting for are insurance companies or

In each of these BAT would

RJR ahead 18% in quarter

By Our New York Staff

RJR NABISCO, the large US tobacco and consumer products company, has reported an increase of 18 per cent in fourth-quarter earnings to \$370m or \$1.46 a share. Revenues increased 5 nues increased 5 per cent to

The December quarter performance capped a strong year for the Atlanta-based company, which enjoyed volume gains in its food and international tobacco business, while favourable exchange rates boosted profits.

For the year, RJR, which is the largest US cigarette pro-ducer after Philip Morris, enjoyed a 14 per cent increase in net income to \$1.18bn or \$4.70 a share. Sales rose 4 per cent to \$15.77bn.

In the tobacco business during the year, revenues rose 8 per cent to \$6.35bn, with a 10 per cent increase in operating income to \$1.82bn.

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UK freight group to seek London listing BY KEVIN BROWN, TRANSPORT CORRESPONDENT, IN LONDON

THE BOARD of National Sir Peter Thompson, NFC equity issued after a listing since the group was sold to an Preight Consortium, the British employee-owned transport and distribution group, yesterday announced plans to seek share holder approval for a London Stock Exchange listing.

The announcement followed spirits of the equity in the hands of employees by an offer for Thompson, NFC equity issued after a listing since the group was sold to an employee buy-out consortium in 1982 as part of the Government's privatisation proposed introduction was designed to Exchange authorities had an "unusual" shareholding structure, and there had been some

The announcement followed publication of the group's annual report, showing a 28 per cent increase in pre-tax profits to \$47.4m (\$82.7m) for 22.00 1986-87, after profit-sharing of

23.2m.
Turnover rose 22 per cent to
\$911.4m, and earnings per
share were up from 10.7p to
11.7p. Dividends were up 40
per cent to 3.5p, including a
proposed final payment of the company passing out of the
hands of the workforce, including a
proposed final payment of the company passing out of the
hands of the workforce, including a
proposed final payment of the company passing out of the

asked at the annual meeting later this month to give the board authority to seek a list-ing by way of an introduction within two years, and to raise up to £100m through a rights

About 83 per cent of NFC shares are held by 35,000 individual shareholders, including 22,000 employees, members of their familles, and company pensioners. The balance is held by a group of institutions.

ing a double vote for shares held by employees in the event

The board has also introduced a profit-sharing scheme which allows bonuses to be taken in the form of shares, and has pledged that any additional

airline in trouble to one of the most profitable in the

industry is proof that take-overs can and do work. I am happy to have been able to practice what I preached."

Mr Icahn did not release figures for the airline's rev-

The 1987 results, which showed net income of \$106.2m or \$1.65 a share

"unusual" shareholding struc-ture, and there had been some concern that a precedent might be set, but "golden shares" were "not unknown" to them.

indicated a substantial majority of shareholders in favour of flotation, but this is likely to have been reduced since the stock market collapse in Octo-

internal market are not immune 135p to 117%p at the last quar-terly dealing day - the first fall

value of the original shares A poll carried out last year after accounting for rights

Sir Peter said there was "a strong group of people" who believed NFC should not get "tangled up" with the City of The board will be pointing out to shareholders that NFC would approve the proposed internal market are not immune.

to outside pressures because the shares are valued at a discount to those of similar quoted companies.

The share price fell from rent year, and was trading well to the current year, and was trading well. Mr James Watson, deputy

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INTL. COMPANIES AND FINANCE

Dollar shatters Philips' dreams

General Electric Company and Philips.

The industrial rationale for the deal still looks as compelling today as it did last April, when the companies signed their preliminary agreement.

First, the joint venture would have brought together two businesses with a fairly complementary geographical spread. Philips, based in the Netherlands, generates the bulk of its lands, generates the bulk of its turnover in medical diagnostics within Europe, where it is sec-ond only to Siemens of West Germany. The UK's GEC, on the other hand, is strongest in Other hand, is strongest in North America, where its Picker subsidiary is one of the leading challengers to the domi-nance of the US-based General

Secondly, the agreement would have created the second largest company of its kind in the world, with more resources to invest in the research and development race that has broken out in imaging technology.

Over the last two decades, the cost of staying in the diag-nostic equipment business has steadily escalated as designers have integrated more and more electronics into the machines. Up-front research expenditure has risen even more strongly with the advent of the nuclear magnetic resonance machines, which cost up to £2m (\$3.58m)

Third, there should have been some scope for rationalisation and restructuring within the proposed venture. As a single entity, the combined company should have been able to make

In the initial negotiations, GEC had agreed to inject

MEDICAL EQUIPMENT ANNUAL SALES (\$bn)

ation attractive.
These calculations, however,

BY ANDREW FISHER IN MUNICH

(\$170m) compared with the same period of the previous year. The yield on turnover slipped from 2.8 to 2.5 per cent. The group has already announced a dividend cut from DM12 to DM11 for the year ended September 1987, after earnings fell by 13 per cent to DM1.28bn.

FOR THE last year or so there has been no stopping the tide of joint ventures and mergers sweeping through the European electronics industry. But the practical problems of collaboration remain – and they were underscored this week by the collapse of the year-long negotiations to bring together the medical equipment divisions of General Electric Company and Philips.

The industrial rationale for the proposed deal but flows as compelling today as it did last April, when the companies signed

better use of its manufacturing company sells its medical equipment producing for the North Ameritance in Enrope, about 40 per cent of its Enrope, about 40 per cent of its can markets and Philips for a manufacturing is in dollars. At the same time, much of its manufacturing is in hard currency areas – its own plants ments were pushing the two are mainly in Holland and West medical equipment companies Germany, and it buys a range in inexorably towards the conclusion of the proposed deal. But Japan. It was thus caught in the classic squeeze feared by all exporters of manufacturing in a the classic squeeze feared by all putting the smaller Picker operling today as it did last April, when the companies signed

mented in detail on the figures, the indications are that its med-

Terry Dodsworth on why plans for an equipment deal have failed

Siemens shows further decline

rise overseas - Mr Kaske said he saw no reason for pessi-

mism. Nor did he think a world

recession was likely.

But he warned about the impact of the lower dollar, which cost the group DM2bn in turnover last year and also helped competitors. Thus Sie-

mens had to consider to con-sider shifting more of its mate-rials purchases to the dollar

Iveco expects improved profits

IVECO, THE large truck-making subsidiary of the Italian Fiat France were all profitable last group, expects to report a rise in net profits of about 50 per cent for last year. It made a net profit of L260bn (\$209m) in 1986.

Profits for last year are expected to be close to L400bn, while sales rose to about L6,500bn, from just under 15 000bn in 1986.

Italy, West Germany and profit profitable last france were all profitable last first full year of its venture with Ford. Iveco has now brought down its production break-even point to between 80,000 and 90,000 and 90,00

The deteriorating economic Mr Kaske said turnover in outlook has led to a small 1987-88 should rise from reduction in employment, and to short-time working Mr Karlheinz Kaske, the chairman, orders together worth DM8bn

between \$150m and \$200m in ical operations were so hard hit cash to bring Picker up to the same level as the Philips medical equipment division. This figure was apparently based on arithmetic showing Philips profits at about twice the size of the \$32m pre-tax made by Picker last year.

In the new joint company making about \$100m a year, Picker would thus have had a profits share of \$50m - an additional \$20m which would have roughly compensated for the loss of interest earnings on the cash injected into the venture. The general view was that they did for the profits and the slightly dilutative of \$50m - an interest earnings on that they will be perfectly that they happy as they are. Indeed, quite apart from the time they that they happy as they are. additional \$20m which would long-term damage. It will be have roughly compensated for the top the cash injected into the venture. The general view was that they will be perfectly the cash injected into the venture. The general view was that they will be perfectly that deal might be slightly dilutive of GEC's historic earnings, but that there would be sufficient opportunities through cost reductions and other improvements to make the amalgamation attractive.

tric of the US.
GEC has already made it were apparently undermined by clear that it will be looking for a collapse in Philips' profits other potential partners, either last year. Although the Dutch through joint ventures or take-

overs. Executives concede that the break up with Philips is a disappointment, particularly for a company which is often regarded as too cautious in its expansion policy. But they also point out that the group has made a large number of acquisitions and collaborative deals in the last 12 months, a pointer.

tions and collaborative deals in the last 12 months, a pointer, they say, to the future.

Philips, analysts contend, is big enough in medical electron-ics to take its time about chos-ing a partner. Nevertheless, the failure with GEC will be seen as a serious blow to strategy on

a serious oldw to strately on two counts.

Pirst, it will undermine efforts to shift more of Philips' manufacturing to the US to avoid the fluctuations of the dollar. Secondly, it will be a setback to its programme of spinning off peripheral activities such as medical systems into partnerships with other companies to concentrate on mainline activities. The failed talks with GEC are the third time in recent months that negotiations have soured on forming such strategic alliances.

gic alliances.
Towards the end of 1987 a
year's worth of talks fell apart
with Whirlpool of the US on a
possible joint venture in page possible joint venture in large domestic appliances. In December, discussions ended unsuccessfully with Agfa-Gevaert, part of the West German Bayer group, on Johning an existing venture between Philips and Du Pont involved in magnetic recording tape. And earlier this month Philips reduced its shareholding in its European joint venture with American Telephone & Telegraph from 50 per cent to 40 per cent, taking a back seat in the business. In the short term, Philips'

back seat in the business.

In the short term, Philips' dollar-related problems are an adequate defence against criticism of the breakdown of the GEC deal. But the company's reorganisation strategy is bound to some under serious bound to come under serious question if there are more fail-ures.

included. Last year's figure, up by 9 per cent, included one nuclear plant.

Excluding big projects, turn-over would still rise by 6 or 7 per cent. The total order inflow should rise from DM50.4bn to between DM58 and DM59bn.

Siemens intends to continue brilding up husiness in the IS

building up business in the US, Mr Kaske said. After a 19 per cent jump in 1986-87 to \$2.6bn, US turnover should approach \$3ba this year. However, it was

sobs this year. However, it was not yet possible to say when profits would start to flow from US operations, still burdened by start-up, reorganisation, and investment costs. Last year, Siemens' US losses were about DM450m.

The group intended to keep spending heavily on investment and research and development, Mr Kaske said. Together, these would total nearly DM12bn in 1987-88.

Electrolux steps up dividend

By Our Financial Staff

SIEMENS, the West German said. Just over 5,000 people electrical and electronics group, will be on short-time this showed a further profits month. Siemens employs decline in the first quarter of its current financial year and Despite the lack of economic showed a decline in the first quarter of decline in the first quarter of its current financial year and said it saw little chance of an buoyancy – the first quarter order inflow was stagnant at many in 1988.

DM13.5bn, with a 10 per cent drop at home and an 8 per cent drop at ho ELECTROLUX, THE Swedish white-goods maker, yesterday underplaned a strong advance in profits for 1987 by stepping up its dividend from SKr8.75 a months to end-December was down by 4 per cent to DM285m (\$170m) compared with the

up its dividend from SKr8.75 a share to SKr10.

The company, which has grown rapidly by acquisition to head the world white-goods league, increased sales from SKr53.1bn to SKr67.2bn while profits after financial items rose to SKr3.05bn (\$503m) from SKr2.58bn in 1986.

Electrolux said that the

Electrolux said that the improvement in turnover arose mostly through the acquisition of Zanussi of Italy and White Consolidated of the US, neither of which were fully taken into group accounts for 1986.

The company said markets for its main operations continfor its main operations continued to show good volume trends during the fourth quarter of 1987. "There have been no definite signs of a decline in demand resulting from the developments in the international stock market during the latter part of 1987," it added.

Mr Anders Scharp, the managing director, said that although he was happy with the result, it could have been better. The 1987 return on capital was 13 per cent. "We would like a 15 per cent return on

like a 15 per cent return on capital, which would require a further SKr500m increase in profits," he said.

profits," he said.

Mr Sharp said Electrolux's turnover was not likely to expand as greatly during 1988 as it had in the past two years, but that increased profitability would make up for the lower

rate of sales expansion.

For the final quarter of last year sales rose from SKr16.1bn to SKr17.6bn and profits improved to SKr9452m from SKr764m.

To the Holders of

Floating Rate Notes of

CYDSA,S.A.

Due 1988-1991:

PLEASE TAKE NOTICE, that

CYDSA, S.A., a corporation orga-

nized and existing under the laws of the United Mexican States, has offered to redeem the U.S.

\$50,000,000 Floating Rate Notes due 1988-1991 and issued pursuant to a First Supplemental Indenture dated as of February 5, 1985 between Cydsa, S.A. and

First Interstate Trust Company

of New York, as Successor Trustee.

as supplemented by a Second

The redemption offer is being

made pursuant to an Offer Letter

dated January 29, 1988. Holders of the above-described Floating Rate Notes may obtain a copy of the Offer Letter from Orion Royal

Bank Limited, 71 Queen Victoria

Street, London, England EC4V

4DE, Attn: Agency Departmentor

First Interstate Trust Company of

New York, 2 Broadway - 29th Floor, New York, New York 10004, as

nental Indenture dated as

Cydsa

L6,000bn in 1986.

Senior company officials in Paris indicated that the profit increase reflected extensive industrial rationalisation and restructuring of the Fiat truck subsidiary during the last few syears.

Iveco's main operations in Iveco's main operations in Iveco's main operations in Iveco's main operations in Iveco's said that performance in the UK had been far fitted from strong productivity gains following job cuts and production rationalisation in Europe during the past 10 years. The company is production in gabout the same volume of trucks as it was in 1979, but with 15,000 fewer workers.

KANSALLIS-OSAKE-PANKKI

Profits for last year are expected to be close to L400bn, while sales rose to about L6,500bn, from just under L6,000bn in 1986.

Floating Rate Capital Notes 1992 In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the next Interest Period has been fixed at 7% per cent per annum.

nized at 7% per cent per annum.
The Coupon amount will be
US\$180.01 for the US\$5,000
denomination and US\$9,005.21
for the US\$280.000 denomination
and will be payable on 4th Angust,
1988 against the surrender of Coupon No. 9.

compagnie bancaire

¥10,000,000,000 Floating Rate Notes due 1995

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from 3rd February, 1988 to 3rd August, 1988: (i) the Rate of Interest for the Notes will be 5.15% per annum,

(ii) the Interest Amount will be \\$256.795 per \\$10,000,000 Note.

Agent Bank The Long-Term Credit Bank of Japan, Limited Tokyo

NOTICE OF CALL AND REDEMPTION To the Holders of The Bank of Tokyo, Ltd., Portland Branch

US\$25,000,000 Callable Negotiable Floating Rate Certificates of Deposit due February 17, 1989 (the "Certificates") Notice is hereby given that, pursuant to the provisions of the Ceruficates. The Bank of Tokyo, Ltd., Portland Branch ("the Bank") will prepay the outstanding principal amount of the Ceruficates identified below in tail on February 17, 1988, the next interest Payment Date, together with the interest accrued to that date. Payment will be made against prosentation and surrender of said Certificates at The Bank of Tokyo Trust Company at 100 Broadway, New York, NY 10005. The Certificates being called are as follows:

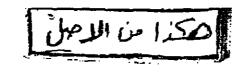
Total Number(s) of Certificates Redeemed issue Date February 17, 1984 (Nos PT 15462-PT 15466, PT 1633, PT 17013-PT 17021, PT 17030, PT 17262-PT 17269, PT 17714, PT 17920-PT 17921)

Principal Amount

Aggregate Principal

\$500.000

The Bank of Tokyo, Ltd., Portland Branch, 411 SW 6th, Portland, Oregon, 97204



An individual investment outlook for 1988

Patience, Discipline forethought

Reflecting about the events of the recent past, investors the world over have more to consider than ever before.

What lies ahead

Given the unprecedented swings in the world's financial markets late last year, it is prudent for investors to approach 1988 with a certain degree of caution.

However, it is equally important to be in a position to take advantage of the new investment opportunities that are emerging, and this will require patience, discipline and forethought.

Time to re-evaluate

We at Merrill Lynch suggest that you carefully re-evaluate your financial goals, as well as your tolerance for risk.

You should also resolve to pursue a disciplined, informed course of action. Critically evaluate your current holdings, formulate an investment strategy based on sound information, and only make new investments that fit in with your personal goals. Being successful in today's environment will require a good deal more planning, information and flexibility than ever before.

The long view

Above all, you should stand back from recent events and adopt a broad, long-term perspective. The uncertainties of the last few months will eventually pass and investments based on sound, fundamental values will continue to be rewarding.

Gaining the advantage

During the year it will be critically important to have continuing access to the kind of expert insight that can help you keep in touch with fast-changing events.

At Merrill Lynch we offer professional guidance and service that has earned us a global reputation for standing by our clients, in good times and in bad. We have done so in recent months and we will continue to do so during the year ahead.

Backed by our financial strength and our tradition of trustworthiness, Merrill Lynch's Financial Consultants have access to global resources unparalleled in the financial world.

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For more information, call (352) 495156, or write to the Merrill Lynch office listed below.

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WOW unit put in hands of liquidator BY CHRIS SHERWELL IN SYDNEY

Australia's best-known and most successful private business groups, yesterday launched a A\$700m (US\$496.5m) bid for Humes, the Melbourne building products company.
The offer of A\$2,40 cash for

SOURCING International, the Hong Kong subsidiary of Worlds of Wonder (WOW), the siling US toys group, has been put in the hands of a provisional liquidator. The move effectively stayed a number of legal actions involving claims against the company amounting to several hundred million Hong o several hundred million Hong

to several hundred million Hong Kong dollars.

WOW filed for Chapter I1 protection in the US just before Christmas. In November it announced third-quarter losses of US\$43m.

The collapse inflicted deep wounds on a number of Hong Kong's largest toy manufacturers. Sourcing International, which is wholly owned by Worlds of Wonder and acted in Hong Kong as its purchasing agent, said yesterday a Price Waterhouse accountant had been appointed provisional liquidator. A creditors meeting is planned for February 29.

planned for February 29.
Five local companies have told the Hong Kong Stock Exchange of an exposure totalling HK\$422m (US\$54.1m). The largest, General Electronics, said it was owed HK\$179m.

Sourcing said the decision stemmed from "the desire by certain creditors to satisfy their claims by having our assets sold."

Smorgon family launches A\$700m bid for Humes

each share and convertible note not already owned is being made through a subsidiary of Smorgon Consolidated Indus-tries and is subject to a 90 per-

cent acceptance condition.

The Smorgons already control an effective 46 per cent of Humes. They picked up 37 per cent of the company's 166m

shares as the result of a failed 1986 bid for Humes by Mr Garry Carter's Unity/APA, and the rest through Humes Now, if the Smorgon bid succeeds, Humes will effectively go convertible notes. Another 50m notes are publicly held.

The mini-mill provides the only domestic competition in

only domestic competition in steel products for BHP, Austra-lia's largest company, and for Humes the deal added a new dimension to its brick, pipe and

a packaging empire based on glass, paper, plastics and other materials, the deal appeared to

The family said yesterday that its bid compared with the published net asset backing of A\$1.53 per share as at June 1987. Humes' non-Smorgon directors advised shareholders not to sell pending their independent advice.

ille businesses.

For the Smorgons, who have packaging empire based on plass, paper, plastics and other alterials, the deal appeared to

FAI hits record interim result

TIMELY REALISATION of stock market gains helped Mr Larry Adler's FAI insurances

Larry Adler's FAI Insurances report record earnings for the six months to December.

Results released in Sydney showed an after-tax profit of A\$123m (US\$87.2m), up 75 per cent on the corresponding 1986 figure of A\$70m.

This was achieved on a fall in sales to A\$222.8m from A\$74m but on the back of a

A\$274m, but on the back of a surge in other revenue to A\$1.12bn from A\$168m. The profit was also after deducting A\$86.8m for foreign exchange

losses, in line with new accounting standards. Extraordinary losses were A\$4.83m, against A\$25,000 previously.

FAI's share market gains included a A\$194m profit on the disposal of its 19 per cent stake in Pioneer Concrete Services and its 6 per cent of Ampol to Mr Robert Holmes a Court, and a A\$130m profit on the sale of its 14.9 per cent sold its 20 per cent stake in Pearl, the UK insurance group, and its 20 per cent stake in the sale of its 14.9 per cent stake in Hill Samuel, the British

sold its chain of private nospitals and nursing homes.

Since the turn of the year, FAI has built a small stake in Pearl, the UK insurance group, sold its 20 per cent stake in Cumberland Credit, a cash-rich autralian company, and merchant bank, to Trustee
Savings Bank.
Mr Adler is also thought to helped to underwrite a right have made a profitable exit issue by Arladne Australia. Australian company, and through Pembroke Securities,

Petromin reshapes operations

BY FINN BARRE IN RIYADH

But there was overlap another venture which operates between the two. Aramco's Ras a refinery in Jeddah.

A LONG-AWAITED reorganisation of the Saudi Arabian oil industry is now beginning, with changes in Petromin, the state changes in Petromin, the state changes in Petromin's operations will be devolved into three divisions – lubricants, refining and domestic marketing. The move is aimed at ending inefficiencies.

Petromin is one of two main oil companies in the kingdom. The other is Arabian American Oil Company (Aramco), which has generally handled explora-

aimed at ending inefficiencies.

Petromin is one of two main oil companies in the kingdom. The other is Arabian American Oil Company (Aramco), which has generally handled exploration, production and crude sales. Petromin was entrusted with domestic refining and marketing.

But there was overlap

The new Petromin lubricants division entails some difficulty. The company currently has two different blending operations, and a separate lubricant base oil refining group. Petrolube, one of the blending operations, is 29 per cent owned by Mobil. The US oil major also has a 30 per cent stake in Luberef, another venture which operates

Tanura refinery was larger In refining, Petromin operates than any of Petromin's, while three domestic plants and is in

to do with the export refineries, or whether to turn over the Ras Tanura refinery to Petromin.
Petromin also has a minerals division, which includes Mahad Ad-Dahab, the legendary gold mines of King Solomon. This

side, plus other peripheral interests, may be spun off.

Go-ahead soon for **Escondida** project

By Kenneth Gooding,

A DECISION to go ahead with development of the Escondida project in Chile, involving the largest undeveloped copper ore body in the world, is likely to be taken within six months, according to Broken Hill Proprietary, the Australian group which has a 60 per cent shareholding. It had already been established that the project was technically and economically fessible and that the mine would be an extremely low-cost producer, but mar-A DECISION to go ahead

mine would be an extremely low-cost producer, but marketing and financing arrangements had still to be settled, BHP officials said in London yesterday.

Negotiations are going on for the sale of a large proportion of the copper concentrate production to customers in Japan, West Germany and Finland. It was expected that those Germany and Finland. It was expected that those countries would also be involved in financing the project, which is expected to cost more than US\$1bn to start up.

Once the go-shead is given, construction of the mine would take about three years.

three years.

The massive ore body of nearly 7.8m tonnes is capable of providing 300,000 tonnes a year of copper in concentrate.

The officials made it clear The officials made it clear that the proposed A\$6bn (US\$4.25bn) restructuring of BHP, Australia's largest company, would not deflect the development of core businesses, including petroleum and steel as well as

minerals.

They suggested BHP was still interested in growth by acquisition, in spite of the big increase in debt the restructuring involved, but refused to comment on the possibility that BHP might buy the 70 per cent of Newmont Australia, the gold mining concern which Newmont Mining, its US parent, said it might sell.

The restructuring effec-

said it might sell.

The restructuring effectively reduces the BHP stake held by Beli Resources, Mr Robert Holmes à Court's group, from nearly 30 per cent to just over 10 per cent.

Arab Banking reverse

BY OUR FINANCIAL STAFF

ARAB BANKING Corporation.

Bahrain's biggest offshore bank, had its profits wiped out last year by a \$375m increase in provisions on its Third World lending.

It allocated \$158m from oper
The allocated \$158m from oper-

lending
It allocated \$158m from operating earnings and added \$217m previously retained, the level of cover.

The loan portfolio grew by at zero compared with \$107m nearly a fifth during the year, for 1986. Its shareholders - the deposits expanded at an even leaving consolidated net profit at zero compared with \$107m for 1986. Its shareholders - the governments of Libya, Kuwait and Abu Dhabi - who had received an aggregate \$53m in dividends that year, will get nothing this time.

The loan portfolio grew by nearly a fifth during the year, from \$6bn to \$7.17bn, while deposits expanded at an even faster rate to \$14.32bn against Y11.63bn. Group assets were given as \$17.55bn compared with \$14.58bn.

SABRE IV Limited U.S.\$100,000,000

Floating Rate Secured Notes due 1992 For the 6 months period 25th January, 1988 to 25th July, 1988 the Notes will bear the interest rate at 7%6% per annum. US\$3,823.26 will be payable from 25th July, 1988 per US\$100,000 principal

amount of Notes.

Arabian Oil 37.8% ahead

ARABIAN OIL, Japan's biggest oil producer, lifted 1987 pre-tax profits 37.8 per cent to Y71.25bn (\$550.5m), on sales up 23.4 per cent to Y227.48bn, Kyodo reports from Tokyo.

The company produces crude in a neutral zone between Saudi Arabia and Kuwait.

NOTICE OF EARLY REDEMPTION U.S.\$400,000,000



The Kingdom of Belgium Floating Rate Notes Due February 2000 —

Notice is hereby given to the holders of the Floating Rate Notes that in accordance with the provisions of the Fiscal Agency Agreement dated February 28, 1985 (condition 6 (b) of the Floating Rate Notes), the Issuer will redeem all the Notes on February 29, 1988 (together called the "Interest Psyment Date" and the "Redemption Date") at their principal amount. Interest will be paid to the persons shown on the Register of Notaholders at the close of business on the fifteenth day prior to the interest Payment Date. Payment of principal will be made on or after the Redemption Date at the specified office of the Transfer Agent or the Registrar listed below, upon presentation and surrender of the Notes.

The Notes will become void unless presented for payment within a period of 10 years from the Rademption Date.

Fiscal Agent
Morgan Guaranty Trust Company of New York
35, Avenue des Arts
8-1040 BRUSSELS

Morgan Guaranty Trust Company of New York 35, Avenue des Arts B-1040 BRUSSELS

DATED: February 3, 1988.

Morgan Guaranty Trust Company of New York 30 West Broadway NEW YORK, N.Y. 10015 NEW YORK

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\$125,000,000



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February 3, 1988

The Procter & Gamble Company,

Cincinnati, Ohio USA

has acquired

Blendax Werke R. Schneider GmbH & Co. KG,

Mainz.

We acted as financial advisor.



BHF-BANK

INTERNATIONAL COMPANIES AND FINANCE

Spanish

utility

seeks

\$200m

By Alexander Nicoll,

with 2 % margin.

Penosa's loan is its first

forzy to seek new money since 1984, since when it has pre-paid \$1.2bm of for-

eign currency debt. The Spanish utilities position is

being ameliorated by the easing of problems over nuclear power plants and by tariff increases after a

period in which they were held below the rate of infla-

Bowater of the UK has

increased its multi-option

facility being arranged by Barclays de Zoete Wedd from \$150m to \$250m, with the committed portion raised from \$150m to

Sotheby's Holdings, the

auctioneers, is to have a \$100m Eurocommercial

paper programme with Chase Investment Bank and UBS (Securities) as dealers. The Federal National

UNION-ELECTRICA Fenosa

has awarded a mandate to

Chase investment Bank for a \$200m loan, the second

for a Spanish electric utility

Karen Fossli on the task facing Norway's troubled oil company

Indida Plan to restore Statoil's credibility

WHEN Mr Harald Norvik, 41, suggestions that Statoil will taken "within a very short continue to draw on Mr John-time."

Financial institutions outside Norway have been deeply concerned about the country's cre-

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on to no about property in the of Statoil in late April or early
May, his first priority will be to
restore the image of Norway's
troubled state oil company.
Mr Norvik believes that Statoil's credibility at home and
abroad has suffered as a result
of its handling of the Mongatad
affair, in which the company's principality spending on a new refinery and terminal expansion project exceeded its budgetary target by some NKr6.4bn (\$1bn). "My main task is to re-build

confidence in this company," Mr Norvik declares. He intends to reorganise Statoll so as to strengthen its market competitiveness and efficiency while at the same time fulfilling political

requirements at home.

Olscussions on a new organisational structure for Statoil sational structure for Staton are already under way. The company was created in 1972 by parliament to represent Norway's interests in oil and gas operations and to become the vehicle to exploit the country's vast offshore reserves. It currently contributes about 12 per cent of Norwegian gross national product from its oil

and gas earnings.

Mr Norvik, an economist by training, comes to Statoil from Aker Norcem, the large indus-trial group, where he was president of Astrup Hoeyer, a civil engineering and construction company which is among the Mongstad contractors. He will replace Mr Arve Johnsen, who was forced to resign by a new

Liffe volume

VOLUME ON the London Inter-

builds up

out of the Statoil system."

In a report to the Stortinget —

Norway's parliament - Mr Oelen suggested that the organisational structure of Statoil be



Harald Norvik main task to

VOLUME ON the London Intersuccessfully placed a T\$1bn alternative channel for local national Financial Futures (US\$35m) convertible bond corporations to raise funds and

institutions, including Banque

shares is Norsk Hydro, in which

a 51 per cent direct stake. forced into a court-supervised
"I think that Statoll can be dismantling process, with sevdivisionalised in such a way eral millions of dollars still that it will become apparent how the different parts of the company relate to their different markets," Mr Norvik says. He does not expect political difficulties in making "corrections" to the group.

support in Norway for moving internationalisation process Statoil into other industrial which Statoil has begun, but activities, though he will not be warns that it will be necessary drawn into details. "Statoil was to define closely which parts of established to take responsibility for the economic operations of Norway's vast energy Five years from now, he believes that Statoil will be

current system.
"You don't want to inform the cal interests and to be efficient to do so.

at the same time. It is not clear, however

attempted cover up of the hinge fidence in Statoil can be bet to go to the financial markets. over-spending on the Mongstad tered." However, Mr Norvik deals firmly with important that decisions be of Aker Norcem.

be convertible into common

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The Industrial Bank of Japan, Limited

ISSUE PRICE: 100 PER CENT.

The Nikko Securities Co., (Europe) Ltd.

Takugin Finance International Limited

Morgan Grenfell & Co. Limited

Banca della Svizzera Italiana

Cazenove & Co.

him on a consultancy basis, rectly to the possibility of some ditworthiness as a result of its "No, he will not be used as a degree of privatisation for Standling of the financial reconcusuitant. Mr Johnsen will be toil. Among the models to struction of Kongsberg Vaapenout of the Statou system."

which he refers of state-confabrick (KV), the state-owned in the financial recommendation of the state owned in the financial recommendation of the state of the financial recommendation of the state of the state of the financial recommendation of the state trolled oil companies in which armaments group. The Norwe-private investors also own gian Government refused to back KV when it slid into deep the Norwegian Government has financial difficulties and was

figuities in making "corrections" to the group.

He believes there is political He looks favourably on the

ity for the economic operations of Norway's vast energy reserves.

"One of the biggest problems of Statoil is that information about its strategies becomes too public. This causes weaknesses in its competitivity." He believes that strategic decisions should be taken by the board, and not by politicians, as is the current system.

earning profits.

Five years from now, he believes that Statoil will be involved in a range of different industrial activites, and will be faced with finding new markets for new products. "Mongstad will produce new products in which Statoil has hitherto not had experience. In this respect I don't think Statoil's expansion should be hindered." should be hindered.

Mr Norvik likes to emphasise closely scrutinised with a view world of your strategies, and in to making changes which could the future this will become a industry that Statoil enjoys the provide "transparency of profical issue for Statoil. It is full support of the Norwegian itability" of the group's activi-

board (of which Mr Norvik was oil minister not recommended a member) chosen by Mr Arne this examination, it would in ment on how reorganisation of enough to reassure those of Ocien, Norway's Oil Minister, any event have been his first the state oil company into new Norway's creditors who have after revelations of an task: "It is in this way that condivisions might affect its ability been burnt by the Governbeen burnt by the Govern-ment's refusal to provide unequivocal financial backing to state-owned companies when

> YUEN FOONG YU Paper has instrument will become an by Taiwan's International Comsuccessfully placed a T\$1bn alternative channel for local mercial Bank of China, with the Bank of Communications an

> > Yuen Foong Yu opted for the a vice-president of Bankers Trust.

yice-president of Yuen Foong after two years to exchange the Yu. attributed the issue's success to the Securities & price of T\$69 per share - an 11 Exchange Commission's policy per cent premium over the curof promoting new financial rent share price.

The issue was arranged by Taiwan law prevents a listed company from buying back its own shares. To meet obligations Exchange Commission's policy per cent premium over the curof promoting new financial rent share price.

The issue was arranged by make a lengthy application for successful and guaranteed a new equity issue.

First convertible for Taiwan

national Financial Futures (Source, the first in Taiwan's his-Exchange picked up sharply in issue, the first in Taiwan's his-January after a pre-Christmas tory, Renter reports from investors.

Talpel.

The company said the bonds year maturity, carry an annual year maturity, carry an annual bonds to be converted into Chung Hwa stock because a The company said the bonds year maturity, carry an annual were placed mainly with 11 coupon of 3.1 per cent and will conventional convertible bond Paribas, Bankers Trust and shares of Chung Hwa Pulp, a
Bank of Communications in listed company 10.4 per cent
owned by Yuen Foong Yu.
Mr Huang Tsong-jen, a Bond holders will be entitled issue was not technically feasible, according to Mr Allen Hsu,

Gartmore sets up in Australia, eyes Singapore

By Chris Sherwell in Sydney

GARTMORE INVESTMENT Management of the UK, one of the world's largest manmutual funds, has established an Australian arm and plans to open a Singa-pore operation as part of its world-wide expansion.

As a consequence of its move the group, a wholly-owned subsidiary of British & Commonwealth Holdings, will end a four-year reciprocal arrangement with Clay-ton Robard Management, the Australian investment group which came under the control of Tyndalls of the UK last year.

Gartmore will continue to advise on Clayton Robard's A\$150m First International Equity Performance Fund until mid-July, when Tyn-dail will become adviser, and it will not launch a unit trust directly comparable with this fund before that date.

For its part Clayton Robard will advise the Gartmore Australian Trust, a fund for British investors in Australia, and the Capital Strategy Australasian Fund until September.

Gartmore has about £8bn under management, and in Asian time zones already has offices in Hong Kong and Tokyo. Its proposed expansion to Singapore will be a boost for the island state's fledgling fund management sector.

agement sector.
The Australian move comes at a quiet and still depressed time in the local share market.

Mr Owen Williams, general manager of Gartmore
Australia, said yesterday
Gartmore would soon be revealing its plans for the launch of new domestic and international funds.

SG Warburg to open in Canada By Robert Gibbens in Montreal

THE CANADA-US free trade pact will improve North American growth opportuni-ties for S.G. Warburg, the London-based securities group, according to Sir David Scholey, the chairman. The group is opening a Canadian subsidiary which is due to start operating by the end of April.
Warburg is developing corporate advisory services,

especially in the mergers and acquisitions fields in North America, and its Canadian and US clients are well aware of the potential for expansion in one another's markets, Sir David said in Toronto.

Warburg has advised British companies in 10 large US acquisitions worth a

New issue houses hold off ahead of US auctions

BY CLARE PEARSON

THE EUROBOND market saw only light new issuing activity yesterday, with syndicate managers reluctant to launch ahead of this week's \$27bn US Trea- when it was launched on Mon-sury auctions. The auctions day shortly ahead of the UK shed about 10 basis points. have cast uncertainty over the rate increase, closed at less 2% The Bundesbank set a 6% per

after a 10-month period in which Spanish borrowers were absent from the mar-ket because of the debt problems of Fecsa, the Catalan electricity company.

The market is still attempting to establish a pricing level for these borand because, it said, it was launch. seeing steady retail demand for

rowers. Chase believes that Sentiment improved during Industries meeting the most the afternoon after several US demand, and bid as high as 106. it has done so with a % percentage point margin over London interbank offered the afternoon after several US banks cut their prime rates by ¼ percentage point to 8½ per cent, helping the reception of the bond. It was bid at less 1%, the level of its total fees. But dealers said it looked tightly priced with a 101¼ issue price, to yield initially 75 basis points more than comparable 118 Trearates throughout the eight-year life of the Fenosa loan, which has a four-year grace period. Front-end fees range up to 15 basis points for banks committing \$15m. A \$200m six-year loan arranged late last year for more than comparable US Trea-Hidro-Electrica Espanola sury bonds. met such a strong response with a ½ point margin that a \$100m tranche was added

In secondary trading, Euro-dollar bond prices opened as much as % point easier at the longer end, but regained most of their losses as the US Treasury bond market developed a more bullish tone in reaction to the prime rate cuts. Trading in the Eurosterling

ing rates to 9 per cent, which left the gilt market in limbo. In early trading, prices were marked down amid uncertainty

over whether the next move in basis points over six-month UK interest rates would be London interbank offered rate, upwards or downwards. But and is priced 100.10. the rebound in US Treasury

Bank of Australia, which had been the victim of bad timing

Two Japanese equity warhigh-quality paper, even rants bonds emerged, with though prices of most recent Nomura International's \$150m bonds were drifting.

INTERNATIONAL BONDS

Nomura said its launch had ance, marking its debut in the Euromarket, also traded at a company. The bond has an indipremium to issue price. Both five-year bonds bore indicated par issue price. This is the first par cent courses and more applied with warrants bond to be

launched last month as part of an equity warrants deal. The bond for Fighter pays 24

D-Mark bonds developed an

Baring Brothers' \$50m five- bond. The rally in US Treasuries came too late to help the market. Domestic bond prices fell by up to 15 basis points,

markets, even though yesterday they were expected to go

But the lead-manager said it
was prompting some "bottomSishing" demand, adding that at
theless decided to go ahead
with a \$160m 8½ per cent fiveyear new issue for New Zeabasis points higher than at
land because, it said, it was launch.

The Sundesbank set a b‰ per
cent coupon and par pricing on
the new DM4bn 10-year Federal
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marked a touch easier in reasonable turnover. A two-tranche bond for Austria traded for the first time. The SFr100m 4% per cent 10-year portion closed at par, against a 101 issue price, while the SFr150m 15-year 5 per cent tranche closed at its issue price

Morgan Stanley led a SFr100m four-year 4 per cent bond for the European Invest-ment Bank, priced at 100%. The deal came too late to see

been delayed since last summer.

But Yamaichi International

(Europe)'s \$70m bond for SFr150m five-year equity war
Dowa Fire and Marine Insur
But the teat to see to s b per cent coupons and were equity warrants bond to be priced at par. priced at par. offered in Switzerland since New Japan Securities October stock market crash.

bond market was even quieter announced a \$60m five-year than that in Eurodoliars in the wake of Monday's surprise 1/2 special purpose vehicle. This point rise in UK bank base lending rates to 9 per cent, which left the silf market in limbs.

New Japan Section Section of Section 19 announced a \$500m live-year announced a \$Fr100m 10-year 4% per cent bond for Akzo, the Dutch chemicals group, priced at 100%. This was quoted in left the silf market in limbs. grey market trading at about less one bid.

UBS also led a SFr30m conbasis points over six-month vertible bond for Nikko, the Japanese construction and industrial machinery company. The bond, which incorporates bonds pushed prices higher easier undertone in small turn-during the afternoon, to end the over as dealers awaited details cated 1½ per cent coupon and day about ¼ point higher.

Demark bonds developed an The bond, which incorporates both calls and puts, has an indicated 1½ per cent coupon and par pricing.

Kampo cuts US Treasuries holding

The Federal National Mortgage Association has issued the first non-dollar medium-term notes under its global programme announced last year. The issue was for L12bn.

Kampo, one of Japan's biggest "No current year breakdowns to 106.20 in Tokyo on Monday investors, had Y433bn or 26.8 of our foreign bond investment on speculation of a cut in US per cent of its foreign bond will be available until we close interest rates.

KAMPO, the Japanese postal holdings, tied up in Treasury our books at the end of March, but I assume the proportion of the proportion of US Treasure the proportion of the proportion of US Treasure the proportion of the proportion of US Treasure t ing the proportion of US Treasury bonds in its foreign bond portfolio, Reuter reports

A Posts and Telecommunications Ministry official said that Kampo, one of Japan's biggest

Kampo, one of Japan's biggest

87 last March. Foreign bonds made up 5.6 per cent of Kampo's holdings on December 31, 1987 against 5 per cent on 1988 against 6 per cent on 1988 against 6 per cent

FT INTERNATIONAL BOND SERVICE

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No information available-previous day's price † Only one market maker supplied a price

options contracts worth \$218.1bn were traded during the month, 53 per cent up on December and 39 per cent up on the same month of 1987. Long-term UK government bond futures remained by far the most active contract with 573,603 contracts traded. Futures on US Treasury bonds

and short-term sterling and dol-lar interest rates also showed

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A. C. 188 15

NEW ISSUE

large gains.

gium

Banca del Gottardo

Daiwa Europe Limited

IBJ International Limited

Baring Brothers & Co., Limited

Merrill Lynch International & Co.

Salomon Brothers International Limited

Wigfalls agrees £16m cash offer

the outset that it had purchased a 22 per cent voting interest in Wigfalls – comprising 1.06m ordinary shares and was "a defensive move to keep to the full year to end-March 1987 were \$\frac{1987}{2}\$ was "a defensive move to keep but the company reported a

BY MICHAEL SMITH

A BID battle broke out yesterday over Wigfalls, the Sheffield-based electrical retailer, as high street giant Dixons topped earlier terms from the acquisitive but much smaller Bennett & Fountain Group.

Wigfalls warned investors of an unnamed third party approach at the end of last week, and yesterday morning Dixons — which takes in — B&F, however, already owns or surprised the market by unveiling a £ 16m offer.

Its terms, which are casholty and value Wigfalls some falls directors. They had previously backed the B&F offer.

The new bidder aunounced at the outset that it had purchased a 22 per cent voting

Albert Fisher buying in US

Shares in Albert Fisher we

ened by the Dixons bid, but Wigfalls itself denies substantial duplication with existing Dixons stores.

Terms of the Dixons offer are

Yesterday, shares in Dixons - which recently issued a gloomy interim statement and reported a drop in UK retailing profits - rose 2p to 196p.

Wigfalls All-Share Index
120
110
100
100
90
80
Jan 1987 Feb Jan 1987

225p cash for each Wigfalls 22bp cash for each Wigialis ordinary, 170p for each convertible and 88p for the cumulative preference shares. With B&F up 1p at 41p yesterday, the value of the rival bidder's paper terms are 191p, 143.5p and 82p respectively.

Possible ownership shift at Rea Brothers Group

BY DAVID LASCELLES, BANKING EDITOR

A SHIFT is possible in the ownership structure of Rea Brothers Group, the smallest Brothers Group, the smallest of the City's accepting houses.

badly hit immediately after the October crash, partly because of its exposure to the US econ-omy, but in recent months they have staged a recovery.

Mr Millar said that in the last Mr Millar said that in the last two recessions in the US food sales had continued to grow, although less steeply than pre-the stock, has called in Phoenix sales had continued to grand the stock, has called in riveling although less steeply than prethe stock, has called in riveling to realise this.

Securities, the corporate finance subsidiary of Morgan

Continued to grand the stock, has called in riveling to realise this. beginning to realise this.

The company's strategy remained to source half of sales and profits in the US and half in Europe, including the UK.

California.

open."
Mr Salomon, who is the son of Sir Walter Salomon, the executive, said founder of Rea Brothers, said would walt and he believed there was role for osition came up.

Rea to play in the post-Big Bang market where demand for specialised private banking ser-vices was not being met by the large financial conglomerates. Mr Salomon said Phoenix has not been asked to advise on the

Salomon family holdings in Rea which amount to about 16 per cent, though there might be

some co-operation.

News of the discussions with Phoenix emerged after Real Brothers issued a statement yesterday commenting on the recent sharp rise in Real's share price. Last Friday it went up by

8 per cent. Mr Bill Dacombe, Rea's chief executive, said management would wait and see what prop-

Hutchison Whampoa has 21.3% of Cluff

Hutchison Whampoa, the Hong Kong group controlled by Mr Li Ra-Shing, has lifted its stake in the oil exploration and mining company. Prior to the stake in Claff Oil to 21.3 per cent by way of a rights issue underwritten by Hutchison's Some 4.2m shares were wholly-owned subsidiary Humphred Investment offered to shareholders at 118p each, a substantial premium to Tony Millar: plans to develop marketing and distribution

Humphred Investment.

The 10-for-one rights issue was designed as a vehicle by

January 1988

offered to shareholders at 118p each, a substantial premium to the market price for the shares, which yesterday closed at 107p. Shareholders took up 9.3 per cent of the issue, with the balance remaining with Mr Li's company.
Mr Simon Murray and Mr

Canning Fok, group managing director and executive director respectively of flutchison, will join the Cluff board as non-ex-ecutive directors. Sir Thomas deputy chairman.

First half fall at Meat Trade **Suppliers**

Meat Trade Suppliers, London-based manufacturer and supplier of sausage casings and butchers' equipment, reported pre-tax profits down from \$116,808 to \$72,215 in the six months to September 30 1987.

The butchers' sundries companies showed increased expenditure, reflected in a profits reduc-tion. The directors said that so far in the current year, however, those companies showed brighter prospects. The casing companies have had a period of strong demand and continual shortage of supplies, which resulted in reduced turn-

Group turnover was down from £3.43m to £2,21m. After a lower tax charge of £25,275 (£40,883), attributable profits came out at a substantially reduced \$46,940 compared with £75,925. Stated earnings per 25p share were lower at 1.79p against 2.89p, but the interim dividend was increased from 1.775p to 1.825p.

Yearling bonds rise to 9%6%

The interest rate for this The interest rate for this week's issue of local authority bonds is 9% per cent, up % of a percentage point from last week, and compares with 10% per cent a year ago. The bonds are issued at par and are redeemable on February 8 1989.

A full list of issues will be published in tomorrow's edition.

H & C sale

Harrisons & Crosfield said subsidiary Harcros Chemicals of Sydney sold Nightingale Chemicals division (excluding sealants and adhesives) for A\$5m (\$2m). Buyer was Henkel Australia and Harcros will continue to manufacture the Nightingale products

Unitech 16% ahead but shares fall on second half warning

tor and manufacturer, yester-day coupled a 15.9 per cent jump in its first half pre-tax profits with warnings of a flat second half.

The City reacted to the announcement by marking the shares down 22p at 193p.

was mixed, with lower sales of telecommunications products made by its Rathdown Industries division being partly offset by stable connector sales.

The slowdown at Rathdown was due to a decline in orders from British Telecom for part of its range. Mr Curry expected Rathdown to recover, though

Bathdown to recover, though not necessarily to its previous

levels.
Component manufacturing was marred by weak results in

Unitech, electronics distribu-or and manufacturer, yester-iay coupled a 15.9 per cent cally of sales of Digital Equip-ment Corporation products. Mr Curry attributed this to several factors, including currency fluctuations and a decision by DEC to distribute more of its goods itself.

announcement by marking the shares down 22p at 193p.

Advances in the group's manufacturing activities were behind the rise in pre-tax profition its to \$6.35m (\$5.48m) on sales up 2.9 per cent at \$106.18m (\$102.17m) for the half year ending November 1987.

The board is recommending and included to 3.1025p (2.527p).

On the manufacturing side, the company pointed to a side of the company attributed to the general lack of baoyancy in the German ensipher market.

The share of group profits made outside the UK advanced to 40 per cent, compared with 27 per cent in the same period of 1986. Mr Ourry expects overseas profits to advance towards for event and to intensify. The company to keep interest payable of \$0.71m (\$6.6m). After allowing for interest payable of \$0.71m ket induced by the financial company itself warned by its Rathdown Industrial comment.

Component manufacturing for move its systems business to recover in the next financial year and is also investing to move its systems business into higher value added areas of distribution.

Its semiconductor distribution.

Its semiconductor distribution.

Its semiconductor distribution.

Its semiconductor distribution was mixed of some in Rally, but were flat to early with the company attributed to the general lack of brought the company attributed to the general lack of brought the company attributed to the general lack of brought the company attributed to the general lack of brought the company attributed to the general lack of brought the company attributed to the general lack of brought the company attributed to the general lack of brought the company attributed to the general lack of brought the company attributed to the general lack of brought the company attributed to the same period of the company attributed to the general lack of brought the company attributed to the general lack of brought the

Comment

After hearing of the flet second half, the City was busy yesterday marking down its forecasts for Unitech, which never quite manages to get all looks set for recovery next year its divisions firing at once. While the immediate reaction to yesterday's figures might have been a little harsh, there are enough question marks hanging over, as the company itself warned yesterday, further significant weakening of the dollar will hit key divisions such as component marketing. On the other hand, it is delivering yields of more than 6 per cent, and could become subject to hid rumours. If the company makes \$14.5m this year, the shares are fairly priced on a p/e of enough question marks hanging

FINANCIAL TIMES CONFERENCES

CIVII. AVIATEON IN THE PACIFIC BASIN

The Pacific Basin, civil aviation's fistest growing air transport sums, is the subject of the Financial Times conference to be held in Singapore on 25 and 26 I aguary 1988. The rapid growth in the region is already imposing strains upon the airlines, airports and the aviation infrastructure overall. It will generate a messive demand for new strends and the money with which so buy them for many years to come. The sim of this '88 conference is to defined thes problems and findicate possible developments and solutions. Contribution to the debate include Dr Choong Choong Kong, Singapore Airlines, My Mitsonari Rawmon, Japan Air Lines, My Frederick Bradley, Ir, Saujor Vice President of Cubsus NA, Mr Michael Jones, Director of the Honghong Bank Group, Mr Horst Pohlman, Vice President of Pratt & Whitney and Mr Sydney Glithrand, Managing Director of British Aerospace. The conference has been timed to precede the Asign Aerospace '88 Ephibition, which will be held at Singapore Changi Airport, 27-31 January.

THE FT CITY SEMINAR

The Financial Times City Seminars have been very successful and 11, 12 & 15 February 1988 are the dates for the sixth briefing on the changing structure of the City of London. The agonda includes discussion of the major markets, players and developments in the business environment. An assessment of how the City withstood the storms of recent weeks will be included.

Mr Win Bishoff of Schrodon returns to the platform as opening speciater and among the other contributors on this occassion are Mr John Matthews of County NariWen Ltd, Mr Robert Cuy of N M Ecothechida, Mrs Francesca Edwards of Morgan Granzanto Ltd, Mr John Arkin of Cithanic, Mr David Suraspar of Morgan Granzanto, it is chart and the Rt Hou John Smith Mr, Opposition Treasury Spokesman and Mr J A Donaldson, formerly of EC, are two of the non-city speckers who will be advised the seminar. This programme is particularly suitable for company training achaines and the Conference Organisation will be pleased to discuss block bookings.

CABLE TELEVISSON AND SATELLITE BROADCASTING
The Financial Times sixth conference on Cable Television and Satellite Broadcasting, to be held in Landon on 17 and 18 Veletonry, brings together speakers from the mein Emopous Markets to notice the figure of the new modils at a critical touring point in their development. corresponent.
The Rt Douglas Hard, CRS, MP is to give the opening address and will speak on creating a breadcasting structure for the next century. Mr Michael Checkinnii, Mr Anthony Stammes-Gooding, Mr Richard Daga, M. Cyrille Du Pelenx and Mr Jurgen Daga are awang the distinguished panel of specimes who will review the changes that are taking place in the whole media access.

All enquiries should be addressed to: And Ploce, 126 Jennyn Street, London SW1Y 4UJ, Tel: 01-925 2323 (24-hour answering service) Teles: 27347 FT CONF G Pag: 01-925 2125

National Freight Consortium p.l.c.

"IT HAS BEEN YET ANOTHER GOOD YEAR HOWEVER YOU MEASURE IT. WHETHER BY GROWTH OF PROFIT, TURNOVER AND MARGIN: **INCREASE IN EMPLOYMENT OPPORTUNITIES:** WIDENING OF EMPLOYEE SHARE OWNERSHIP: PROGRESS TOWARDS THE ATTAINMENT OF OUR MISSION OF BECOMING 'A COMPANY FOR ALL SEASONS' OR SIMPLY BY THE PERFORMANCE OF THE SHARE PRICE ON OUR INTERNAL MARKET COMPARED WITH THE TROUBLED STOCK MARKETS WORLDWIDE."

Sìr Peter Thompson, Chairman

1986/87 HIGHLIGHTS

- Turnover £911 million (+22%).
- Profit before tax and profit sharing £50.6 million (+28%).
- International profit contribution surged to £11.8 million (£4.0 million).
- Profit sharing £3.2 million (+28%).
- Proposed total dividends 3.5p per share (+40%).
- Major acquisitions in the UK and USA.
- Number of shareholders increased by 31% to over 25,000.
- NFC BOARD RECOMMENDS FLOTATION.



Copies of the Report and Accounts may be obtained from: The Secretary, National Freight Consortium p.l.c., The Merton Centre, 45 St Peter's Street, Bedford MK40 2UB. The Annual General Meeting will be held at 11:00 am Sunday, February 21st, 1988 at the Winter Gardens, Church Street, Blackpool.

BTP in Italian disposal

Albert Fisher, food services and distribution company, yesterday announced its first acquisition in the US since the acquisition in the US since the such as grapes and figs, and Arideck, buyer and developer It is paying \$9.2m (£5.2m) for a 25 per cent stake in Pacific Agricultural Holdings, a Californian farm management company.

PAH, as the merged group will be called, had been looking for a capital injection through a

pany.

"The deal takes us as close as we can get to growing produce without actually farming," said Mr Tony Millar, chairman.
"Pacific Agricultural minimises right but this had not been postable right.

industrial group, has agreed to dispose of Sps Luigi Rizzi of Barrow Hepburn last year.

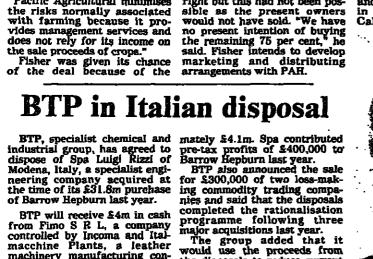
BTP also announced the sale for \$300,000 of two loss-making commodity trading companies and said that the disposals completed the rationalisation. BTP will receive £4m in cash

machinery manufacturing con-

completed the rationalisation from Fimo S R L, a company controlled by Incoma and Ital-machine Plants, a leather machinery manufacturing con-

BTP. specialist chemical and mately \$4.1m. Spa contributed

the disposals to reduce current The consideration is in line further growth of companies with net assets of approxi-remaining in the group.



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UK COMPANY NEWS

UNUSUAL OFFER A TEST OF USM MARKET'S MOOD

London Forfaiting aims to explain role to investors

FORFATTING is not a financing cookle company's offer-for-sale about three years. technique with which most peo-ple are familiar. Few would recognise the name, let alone claim to understand it. So the offer-for-sale of London For-faiting on the Unlisted Securi-ties Market this month will be particularly interesting test of the market's mood.

purate 3 1986

share

1.0

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51000

The only other company to launch an offer since the crash was Eurotume! – something of a special case given the publicity surrounding the project and the long term nature of the investment

London Forfaiting hopes to raise between \$75m and \$80m, easily the largest amount ever sought in a USM flotation. The previous record - Mrs Fields - is not an encouraging example. Eighty four per cent of the

There is no comparable company on the market. But LFC hopes that careful explanation of its business to institutional investors will ensure a good

creat to exporters. They hand over a bill of exchange or promessory note from their customates to the forfaiter, who accepts them at a discount. It is then up to the forfaiter to collect the debt, although some security is provided as the notes are normally guaranteed by the importer's bank. The average maturity of a credit is

ISLE OF MAN

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

The Association of the Control of th

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was left with the underwriters.

London Forfaiting has lished by Mr Jack Wilson and already had to postpone the flotation because of the crash.

Mr Stathis Papoutes, who had built up the forfaiting business of Hungarian International Bank from the mid-1970s. They left HIB in 1983 and founded LFC the following year with the backing of Exco and British &



Stathis Papoutes,(left) managing director, and Jack Wilson chairman of London Forfalting, pictured in London yesterday.

Dolphin jumps 81%

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividents. Official indications are not available as to whether the dividends are interims or finels and the sub-divisions shown below are based mainly on last year's timetables.
TODAY
Interims- Aerospace Engineering, Bristol Channel Ship Repairers, States Holdings.
Finale- Agronuon Brothers, Microsystems, Union Discount Company of London.
District Company or Culture

	,	, 2414		_	
	Current payment	Date of payment	Corres - ponding div	Total for year	Total last year
Dolphin Pkg §int	1.2	Арт 6	-	-	-
Howard Hldgsint	0.5	_	0.36	-	0.98
Mest Trade Supint	1.83	-	1,78	-	3.6
Unitechint	3.1	Mar 31	2.63	•	7.66
YRMint	1	Mar 18	•	-	-
Dividends shown pence "Equivalent after allowing and/or acquisition issue	ne for scri	o issue. †Oı	n capital in	creased i	by rights

Dolphin Packaging, the Poole-based food and medical packaging company which joined the USM last September, plant and equipment continued yesterday announced an \$1 per cent increase in pre-tax profits for the half-year to November 30.

Pre-tax profits advanced from £679,000 to £1.23m on turnover up from £4.3m to £6.1m. Earnings per share more than doubled from 2.08p to £6.27p. The interim dividend was fixed at 1.2p per share.

Mr Rupert Speyer, the chairman, reported that the company's heavy expenditure on plant and equipment continued apace. Dolphin would be self-sufficent in the extrusion of the 40,000 sq ft of new production space was now occubied.

Dolphin is actively seeking acquisitions and has considered 24 potential companies since flotation.

ites of Such	PUTURE DATES	
ose of	Amstrad	Feb 11
ue not	Interfink Express	Mar 17
ilerina	Personal Computers	Feb 11
W 100	Sinclair (Wilherm)	Mar 8
	Finals-	
	Anglo and Overseas Trust	Feb 12
	Company of Designans	Feb 10
hanrei	PLM	Feb 15
Union	Securicar	Feb 9
	Security Services	Feb 9
	Sedgwick	Feb 26
		_

DIVIDENDS ANNOUNCED

	•	,			
	Current payment	Date of payment	Corres - ponding div	Total for year	Total last year
Dolphin Pkg §int	1.2	Арт 6		-	-
Howard Hldgsint	0.5	_	0.36	_	0.98
Meat Trade Supint	1.83	-	1.78	•	3.6
Jultech int	3.1	Mar 31	2.63	-	7.66
RMint	1	Mar 18	•	-	-
Dividends shown pence	per shar	e net exce	pt where	otherwise	stated.

Runciman doubles holding in Jas Fisher

By Nikki Tait

SHARES IN James Fisher, the Barrow-in-Furness ship-ping group, jumped 39p to 110p yesterday as Walter Runciman, shipowner, insur-ance and security group, announced that it had more than doubled its stake to 10.9 per cent. However, the stakeholder added that it did not intend to bid for at least three months, in the absence of a material change in circumstances. Runciman had previously

held 1.185m shares, just below the disclosable level an interest which it said - an interest which it said "goes back a long time". Yesterday's market foray netted a further 1.42m shares, and took its total holding to 2.6m shares. The additional holding was purchased at 105p.

Yesterday evening, Runciman insisted that it had no present intention to bid and that it viewed the stake as

that it viewed the stake as an investment. Eunciman conceded that the two com-panies had discussed co-operation over the years, but said that this should not be taken as having any bearing on the current situation. James Fisher directors were unavailable for comment

Lynx leaps back into the black

Lynx Technology swung back into the black with pre-tax profits of \$202,000 in the half-year to Septem-ber 30 1987. This compares with a loss of \$207,000 in the corresponding period of the prayions year

the previous year.
Turnover climbed from \$305,000 to \$1.81m, the majority of which was attributable to television andience measurement

equipment.
The company's new product, Innsafe, was successfully introduced in September. Its launch coincided with the rise in value of the pound and loss of economic confidence. That had an adverse effect to capital investment programmes and was causing difficulty

in major target areas.

As a result, the rate of growth of sales had been

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January 1988

Cullen's greets new investors

childr's Holdings, the loss-making convenience store chain, is planning a \$4.2m cash injection via a 57 per cent increase in its equity. The money is to be raised by the issue of 7m new shares at 55p, primarily to a consortium of increase in its equity. The will have no role in the managemoney is to be raised by the issue of 7m new shares at 55p, haven said yesterday that it primarily to a consortium of regarded its holding as a "strangerore"

Prominent among the new investors are Belbaven, the brewer and restaurateur, and Mr Phillip Kaye, managing director of Garfunkels, the res-

All-round

advance

at YRM

expenditure on expansion in the confident belief that, as the business was not seasonal, profit for the year would reflect the growth of the first

Turnover comprised work done £6.12m (£4.64m) amd

movement in work-in-progress £376,000 (£139,000), while

operating profit rose to £984,000 (£780,000). Earnings came to 5.01p (4.49p) and there is a maiden dividend – as forecast in July's annual results – by way of a 1p interim.

cent of Cullen's shares, is to become a non-executive direc-tor of the troubled retailer. Beyond this, the new investors

Existing Cullens shareholders are entitled to subscribe for a total of 2.21m new shares together with 1.1m 110p war-rants on the basis of one unit of taurant chain which succumbed to a \$98m bid from Belhaven in May last year. In total, the new investors will end up with more than 25 per cent of the company's enlarged equity.

Mr Kaye, a director of Belhaven who will own 11.3 per the deal was put together.

Smith New Court, the largest independent securities firm, yesterday announced the sale of its private client business to

YEM, architect and interior designer which came to the stockmarket by way of a placing last April, achieved growth in all divisions in the six months ended October 31 1987, when lifting turnover from \$4.5m to \$6.5m and pre-tax profits from \$725,000 to \$297,000.

Despite the upheavals in the financial markets, business remained exceptionally strong, the directors reported. They had committed additional expenditure on expansion in the confident belief that, as the business was not seasonal, profit for the year mounted the saint of fix private client business to the National Investment Group, an umbrella organisation for eight provincial stockbroking from an agency basis more than 100,000 clients in these areas. Smith became one of the three major institutional shareholding from 25.75 per cent to 28.72 per cent, and valuing the private client business formed part of the securities in March 1986 as part of the securities industry prior to the Big Bang of its strengthen NIG's London on an agency basis more than 100,000 clients in these areas. Smith became one of the three major institutional shareholding from 25.75 per cent to 28.72 per cent, and valuing the private client business formed part of the stock-broking firm acquired by Smith in March 1986 as part of the securities industry prior to the Big Bang of its securities of the securities industry prior to the Big Bang active private clients and towns in Lancashira, Yorkshire, the Nest Anglia. It claims to service on an agency basis more than 100,000 clients in these areas. Smith became one of the three major institutional shareholding from 25.75 per cent to 28.72 per cent, and valuing the private client business formed part of the insurance company, and Electra Investment of Scott Goff Layton, the stock-broking firm acquired by Smith in March 1986 as part of the securities industry prior to the Big Bang of the south west, London and towns in Lancashira, Yorkshire, the way of plant in the towns in Lancashira, Yorkshire, the south west, London and towns in Lancash

deployed initially to pay off the company's debt, which now stands at approximately £2m, and to furnish working capital. In time, it is planned to invest in additions to the existing chain of 53 stores.

Prior to this, however, it is planned to take measures to return the company to profit ability. These will include the closure of an estimated 10 to 15 stores, and the shrinkage of thead office costs. Distribution and supply arrangements are also being reviewed.

Cullen's ran up pre-tax losses of £2.63m in the half-year to September last year, on turnover of £11.34m. Included in the loss were exceptional costs of £1.07m associated with the

Smith New Court disposal

NIG was set up in the same period by linking together eight broking firms in 23 cities and towns in Lancashire, Yorkshire,

The acquisition will strengthen NIG's London operations and add another 100 employees. Although Smith's active private clientele numbers

Orchid result hit by crash

SHARES in Orchid Technology, the Californian software company, fell 40p to 295p yesterday, after the company announced an 87.5 per cent fall in interim pre-tax profits.

Orchid blames the stock marmonth's worth. Unfortunately, Orchid had spent an extra \$800,000 on marketing in antication.

only a few thousand, in con-trast to NIG it has a substantial

number of extremely wealthy clients who deal in the market in five and six figure sums. Mr Michael Marks, joint managing

director of Smith, said that combining the two operations

would allow large savings to be made in the processing and set-tlement of bargains. This would be carried out in cheap office accomodation away from Lon-

don.

The first stage of the payment for the acquisition, the issuing of 285,000 NIG shares, will be made at the end of February 190,000

ruary. The remaining 190,000 shares will be issued at a later date depending on certain conditions being met.

The net effect was that prof-

its slumped in the six months to December 31, despite only a slight sales decline (from

\$11.39m to \$11.18m) and earn-

ings per share fell to 4 cents from 38 cents in the first half of last year. There is no interim dividend.

However, the company believes results can improve in

the second half. Three new

products have been introduced

and the indications are that

sales picked up in January.
Orchid was talking to institu-

tional investors yesterday to reassure them about the com-

pany's prospects. The original placing attempt last January had to be abandoned because of a lack of enthusiasm amongst

to buy out **Kwikform** minority

(£10.9m) to buy the 37.4 per cent of GKN Kwikform

The 630 minority share-holders are being offered A\$4.6 cash for each share.

GKN acquired its stake in Kwikform in 1985 as part of

The company has been considering buying out the minority interests for some time but has been influ-

Travenol Laboratories, the UK healthcare group, has changed its name to Baxter Healthcare in a move aimed at establishing a single cor-porate identity following the merger with American Hospital Supply in 1985.

nents and engineering group, yesterday announced plans to take full ownership of its only quoted subsid-

It is offering A\$27.1m Industries, an Australian scaffolding company, which it does not stready own.

This represents a 70 per cent increase on Monday's sale price and more than three times not assets at the end of 1986, the latest published figure.

The company said yester-day the existence of minor-ity shareholders compli-cated long term plans for Kwikform. GKN wanted to use cash flow to invest in the business rather than pay dividends. "We want to develop the company. We can do it more efficiently if we have 100 per cent of the equity." equity."

GKN expects Kwikform's 1987 earnings per share to be 45.9 cents, down from 47.1 cents in 1986. Morgan Grenfell Australia is acting as advisor in the bid.

Baxter Healthcare

GKN plans

a restructuring of its scaf-folding interests conducted in conjunction with Cos-tain, the engineering, con-struction and mining group.

time but has been influenced by the fall in world stock market prices which has hit Australia more than most other nations, including the UK. Before the crash, Kwikform's shares were trading at A\$4.7, about 74 per cent above their level on Monday.

rectly given yesterday as Baxter Heathcare.

Interest Rate Change

cast in July's annual results – by way of a 1p interim.

Cronite deal

Cronite Group has purchased the business, stock, work-in-progress and certain other assets of Atlantic Metals (Birmingham), a stocklast of came, almost all the distribute personal computer — and they came, almost all the distribute personal computer — and they

semi-fabricated aluminium and stainless steel products, for tors became extremely causinless of the stainless steel products, for tors became extremely causinum and they stainless steel products, for tors became extremely causinum and they stainless steel products.

Allied Irish Banks plc announces that with effect from close of business on 2nd February 1988, its Base Rate was increased from 8½% to 9% p.a



Head Office - Britain: 64/66 Coleman Street, London ECZR 5AL, Tel: 01-588 0691 and branches throughout the country.

CLWYD'S

Development side helps Howard Hldgs rise 19%

DESPITE A 24 per cent fall in turnover Howard Holdings, a opment division continued to make a substantial contribution make a substantial contribution in property development, plant hire and construction, reported interim pre-tax profits 19 per cent ahead at \$1.04m, against \$875,000.

£3.45m. The company, formerly Howard Shuttering (Holdings), closed its formwork and struc-

tures division last year.

dend of 0.5p (0.36p).

and there had been a marked increase in the amount of work in progress.

Plant hire achieved its best turnover and activities and had Turnover fell from \$4.53m to expanded with two locations in 3.45m. The company, formerly Birmingham and Southampton opening during the period. It was expected that they would be in profit in the present half.

Tax took £366,000 Earnings per 10p share came Tax took \$366,000 out at 2.7p, against an adjusted (£306,000) to leave attributable 2.3p. There is an interim diviprofits of £679,000, against profits of \$679,000, against \$569,000 last time.

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Equipping the Italian Army

Ferrant International Signal, has secured a contract worth the equipment will be configured for a mix of portable and well-cular installations.

The contract, which involves the production of several thousand high frequency/single side band (HF/SSB) radio stations, has been placed as part of an

common module for use as the receiver/exciter in the 400 watts vehicular configuration. The transceiver is completely solid-state with extensive use of C-MOS digital integrated cir-cuits. Other features include low power consumption, remote control facilities and an AM mode to enable it to operate with earlier generation equip-

Mixed bag for Higgins Group

The HIGGINS GEOUP has been awarded \$14.6m of building by the London Borough of contracts in the last six months.

The contracts consist of both commercial and residential ettes. commercial and residential schemes. The London Borough of Lewisham has awarded a \$4m contract for a two-storey housing block new-build scheme in Henor Oak, \$E4. Another

Pilkington Pension Scheme, Anglia Secure Homes awarded a SI.3m contract to build 46 retirement flats in Wanstead, Ell. Further instructions include a business centre

Westbury Hospital extension

RUSH & TOMPKINS
SOUTHERN has won a £13m contract to build a self-contained extension which will double the size of Westbury Hospital, Wiltshire. Work on the contract, for the Wessex Regional Health Authority, has begun and is due for completion by May 1989. The single-storey unit will provide an additional 24-bed ward and a day hospital, totalling 1,600 sq metre with an upper-level plant room.

It will be joined to existing facilities by a link corridor. Construction is traditional, in local brick with a concrete-tiled pitched roof, to harmonise with the 1930s.

Rush & Tompkins Midlands is building a £982,000 pilot distribution depot at Nuneaton's Bermuda Industrial Estate for Ellis & Everard. The depot is to be capable of replication on the company's other distribution

sites throughout Britain. The depot consists of a 1,776 sq metres single-storey warehouse of steel portal-frame construction, clad in colour-coated steel sheeting. At one end is a 444 sq metre covered loading bay. This is balanced at the opposite end by a two-storey office building in loadbearing brickwork, with 400 sq metre of floorspace. The contract is due for completion. contract is due for completion in June after a 28-week construction period.

New facilities for Dover Harbour

Dover Harbour Board has be displaced next year by the Dover Harbour Board has awarded contracts for new offices and the infill of the remaining Camber area, both at the Eastern Docks. WILTSHIER SOUTH EAST, based at Canterbury, part of the John E. Wiltshier Group, is to build a three-storey office complex to the east of the export freight building. The new building will building. The new building will have 2,100 sq metres of floor space and will principally accommodate freight agents to

Weybridge, has won a £1m con-tract for the infill of the remaining Camber area. Again, sand from the Goodwins, in the

The dredger Krankeloon, used by Seven Seas for an import freight area reclamation at the Eastern Docks in 1985-86, is scheduled to bring 750,000 cu scheduled to bring 750,000 cu metres of sand required for the project beginning in early March and to complete the task by mid-May. The five hectare area will be paved ready for parking in time for the opening of a new No. 2 Berth, seawards of the Camber entrance retaining wall, later this year.

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Sheffield city centre development

A shop and office development is being built in Sheffield city cantre by BOVIS CONSTRUCTION in association with Town & City Properties (Development) bethind the brick facade and clad with brickwork in keeping able for the office occupiers' use.

The new office space, occupying four floors, has been pre-left carried out by Town & City/ ment), both wholly-owned sub-sidiaries of P&O.

The £2.3m project will pro-vide 20,000 sq ft of office space

ing four floors, has been pre-let to Coopers & Lybrand, for its new Sheffield headquarters. Five shop units, developed to

carried out by Town & City/ Bovis Construction, the local authority is to carry out substantial improvements to the surrounding area. Pedestrian subways will be removed and new street furniture and plantand five shop units, using the preserved facade of a five-stolocated on the ground floor. They will have floor areas ing will be undertaken to warying between 760 and 3,070 site at the junction of Fargate steel frame will be erected steel frame will be expected and subtraction of frame and five shop units, developed to subways will be removed and new street furniture and planting area. Fedestrian a standard shell finish, will be removed and new street furniture and planting will be undertaken to enhance the appearance of the street.

New computer production facility

SIR BOBERT MCALPINE weight roofing. The 15 metres below. There will be a two-sto-many barrel vaulted roof over the connecting mail will be sometimes of a production facility for Compaq Computer Manufacturing in Erskine, Scotland. This phase is of a full air-conditioning systomy and some some some some special content of the superstore. The contract also includes the provision of a two-level canopic desired by the strength of the superstore. virtually a mirror image of phase I, recently completed by McAlpine under a similar con-

The new project, being constructed at right angles with a curved link to the existing complex, comprises a high-bay manufacturing building 95 metres x 81 metres joined to a two-storey office block 68 metres x 19 metres by a six metre wide central connecting

Supported by concrete pad foundations, the buildings will be of steel-frame construction with composite steel panel cladding under steel-frame light-

planting. Sir Robert McAlpine & Sons

has also been awarded a \$4.5m contract by Hunters Tor Securities for the construction of phase I of the Trowbridge Town Centre redevelopment scheme, which will be called

Occupying a 1.82 hectare site in Bythesea Road, the first phase will comprise a superstore which will be occupied by Gateway Foods. The store will have 32ll sq metres of retail space on the upper level and 122l sq metres of storage area

of a full air-conditioning system. bridges over the River Biss, a tem, extensive landscaping and new mini roundabout system and revised road layout at the entrance to the site from Bythesea Road, together with service yard, paths, paved areas and

yard, pains, paved areas and landscaping.

The first phase is expected to be completed by spring 1989 and will be linked across the River Biss by the two-level pedestrian bridge giving direct access to the main shopping scheme which will form the second phase of the project. This is ond phase of the project. This is to be developed by Shearwater Property Holdings and will comprise some 14 000 sq metres of retail space and a further 400 car parking spaces.

This advertisement is issued in compliance with the Regulations of the Council of The Stock Exchange. It appears as a matter of record only and as such does not constitute an invitation to any person to subscribe for or purchase shares. Application has been made to the Council of The Stock Exchange for admission to the Official List of the whole of the issued share capital of the company on 8 February 1988 and dealings are expected to commence on that date.

WAVERLEY MINING FINANCE PLC

(Registered in Scotland No SC108429)

SMITH NEW COURT AGENCY LIMITED

NOBLE & COMPANY LIMITED

of 12,500,000 Ordinary Shares of 5p each at 80p per share with one warrant attached to every five shares.

The company has been formed as an investment company with the principal objective of investing in gold mining companies worldwide other than South Africa. It intends to conduct its affairs so as to qualify for approval as an investment trust for United Kingdom tax purposes so that it will not be liable to tax on its capital gains. It will be managed by Waverley Asset Management Limited.

SHARE CAPITAL

Authorised in Ordinary Shares of 5p each In accordance with the rules and regulations of The Stock Exchange, McCaughan

Dyson Capel-Cure (UK) Limited has also placed Ordinary Shares in its role as a secondary distributor. Full particulars of the company are available through the Extel Statistical Service.

Copies of the Extel cards can be obtained until 8 February 1988 from The Company Announcement Office at The Stock Exchange, and until the 29 February 1988 from:

Smith New Court Agency Limited

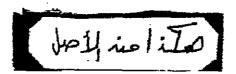
Chetwynd House, 24 St Swithin's Lane, London ECAN SAE

Noble & Company Limited

5 Darnaway Street, Edinburgh EH3 6DW McCaughan Dyson Capel-Cure (UK) Limited, 65 Holborn Visduct, London EC1A 2EU

Waverley Asset Management Limited 13 Charlotte Square, Edinburgh EHZ (D)





JOBS

How countries rank in directors' car league

BY MICHAEL DIXON

I HOPE readers working as directors in the Irish Republic who do not have a company car will be patient while I explain the table alongside. Otherwise they might glance at it, hastily conclude that the Jobs column is claiming they don't exist, and come to the FT's offices to come to the FT's offices to. prove the contrary with blows from their shillelaghs.

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CAR SALES AND SA

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The table, which outlines the provision of company cars or allowances in lieu thereof to board - level managers in 17 countries, is drawn from a survey report just completed by the Executive Compensation Service consultancy in Brussels.

Besides being the most detailed international review of the prevelance of four-wheeled perks I have seen, the report contradicts one of my long-held assumptions. I had assumed that that the country where companies were most lavish in companies were most lavish in supplying cars was the United Kingdom — England, Wales, Scotland and Northern Ireland, But, as the table shows, the survey awards the generosity prize to the Republic of Ireland.

The table takes nine types of board-level executives in each board-level executives in each of the 17 countries and shows first what proportion of the directors in the particular category have a company car or car-allowance, and second what percentage of those receiving that perk also enjoy free-of-charge private use of it. (Those figures are of course only a tiny

Type of director: Chief executive Marketing Administration Sales Manufacturing Engineering Finance Personnel % % free with private % % free % % tree % % free % _% free % % free % % free % free COUNTRY 100.0 100.0 100.0 100.0 100.0 100.0 97.5 80.0 89.7 95.8 96.3 96.7 50.9 97.5 94.7 75.0 97.5 70.5 92.0 33.3 84.2 81.3 72.0 80.6 76.7 73.4 70.0 79.3 80.0 100.0 100.0 100.0 94.7 77.1 88.2 88.2 95.0 97.8 60.0 84.6 93.3 89.5 94.1 81.7 64.9 79.6 66.3 82.6 70.0 70.8 88.2 75.0 31.3 84.6 75.0 73.5 73.5 64.4 63.8 64.9 73.9 61.1 100.0 100.0 100.0 100 0 100 0 100.0 100.0 100.0 100.0 100.0 100.0 100.0 73.7 93.8 100.0 100.0 83.3 75.6 64.5 77.8 92.6 66.7 100.0 75.6 67.6 69.7 60.7 50.0 66.7 64.3 88.9 62.5 40.0 76.5 45.0 77.8 66.1 69.4 47.1 84.4 67.8 100.0 100.0 100.0 100.0 100.0 92.6 73.3 100.0 92.3 85.7 100.0 90.5 52.6 85.0 93.8 88.7 64.6 100.0 73.3 100.0 100.0 94.5 82.1 98.0 85.5 97.1 93.9 92.4 75.9 100.0 80.8 94.4 100.0 77.8 100.0 United Kingdom 100.0 71.4 97.1 93.9 90.4 64.7 87.2 97.5 85.7 100.0 82.1 60.9 83.3 84.2 90.9 100.0 Netherlands Portugal 100.0 51.1 85.3 100.0 100.0 92.3 76.0 57.9 82.4 92.6 66.7 100.0 71.4 100.0 87.5 74.1 92.0 48.6 95.0 63.2 69.6 81.3 78.3 30.6 92.3 75.0 72.5 69.0 74.6 72.0 77.3 56.3 75.6 60.9 75.0 66.7 66.7 100.0 77.1 38.5 50.0 75.7 76.3 66.7 79.8 54.3 60.0 66.7 85.7 100.0 64.4 31.0 75.6 52.2 80.0 62.5 80.0 100.0 62.2 17.4 65.6 42.5 71.4 80.0 83.3 80.0 77.3 47.1 100.0 85.7 94.3 100.0 Italy 60.0 66.7 54.5 83.3 45.8 57.1 50.9 84.0 46.2 100.0 53.8 71.4 73.5 84.6 64.4 82.8 60.5 90.9 28.6 100.0 33.3 100.0 50.0 75.0 56.7 76.5 43.8 83.3 33.3 100.0 70.0 85.7 48.6 66.7 44.4 85.7 44.4 100.0 Switzerland 89.2 58.9 83.0 87.8 82.2 100.0 64.4 80.0 78.3 100.0

Figures include allowances in fleu of cars in minority of cases

sample of the survey findings. Anyone wishing to know more should contact Paul Curiey of the Executive Compensation Service at 18 Avenue Roger Vandendriessche, Box 3, 1150 Brussels, Belgium; tel (02) 771.99.10, telex 65154.)

The countries are ranked in the table by their average the table by their average provision across the board, so to speak. As can be seen, the Irish Republic easily takes top place with a 100 per cent record in supplying cars and, save for the chief executives, in permitting the cars to be used Two in London

privately without charge.
But the ECS study, like all such exercises, has limitations. In particular, all it can report is the state of affairs in the organisations contributing the original data, which in the present case numbered 1,321. It just so happened that the 33 of them located in the Republic of Ireland supply cars to all their NOW to two London-based posts offered through separate recruiters with the Badenoch recruiters with the Badenoch and Clark consultancy, neither of whom may name their client. Both therefore promise to abide by any applicant's request not to be identified to the employer at this stage of the proceedings. The same goes for the other headburster to be mentioned Ireland supply cars to all their board-level managers. And although that finding no doubt paints an exaggerated picture of the privileges of Irish

headhunter to be mentioned The first of the openings, being handled by Robert Digby, is for a corporate finance specialist with a City stock-

broker backed by a European banking group. The newcomer will join a small team working on capital-raising projects,
As well as having thorough
knowledge of corporate
finance, candidates should be

skilled in developing business relationships and have built up a net of high-level contacts in City institutions.

The salary indicator is \$60,000, plus usual financeresults-related bonus and car.

The second offer, which is being dealt with by Jayne

The second offer, which is being dealt with by Jayne

Touch, with the perks again including a car.

Inquiries to Mr Egerton at 13

Devonshire Place, London W1N

1PB; tel 01-486 4954.

representing the company in negotiations for large-scale treasury-management work such as estimating future movements in interest rates, and assisting in the general Applicants should already be successful managers holding an accountancy or an equivalent

Smith, is a senior manager's job with a property-development group. Responsibilities include

business qualification. Proven leadership skills are also of the

essence.

No salary quoted, but my estimate is around £40,000. Car among perks.

Inquiries to 16-18 New Bridge Street, London EC4V 6AU; tel 01-583 0073.

Sales chief

RECRUITER Philip Egerton seeks a sales director for a defence-industry company on the south coast of England with an international market in materials for electronic counter

measures and pyrotechnics.
Candidates should have an impressive record in managing and handling sales of similar products for well reputed companies supplying Defence Ministries and the like in friendly countries across the world. The salary indicator is £70,000, with the perks again

Corporate Banking

We recruit bankers to work in a wide variety of financial institutions. We seek to fill existing vacancies in:

Corporate Marketing **Property Finance Trade Finance Asset Finance**

Candidates with 2-3 years' experience in any of these fields should contact Mark Hartshorne or Niall Macnaughton on 01-404 5751 or write enclosing full career details to Michael Page City, 39-41 Parket Street, London WC2B 5LH.



Michael Page City International Recruitment Consultants A member of Addison Consultancy Group PLC

HAMPSHIRE

Chief Superannuation Officer



Up to £19,384 pa. ampshire has one of

the largest local authority superannuation schemes covering:

company directors as a whole, it is not the Jobs column's fault.

- * local government, police and fire schemes.
- 28,000 contributors
- 16,500 pensioners

We are looking for someone to lead and manage the section of 23 staff during major changes in the pensions world, as the present postholder will be retiring in June.

- * considerable experience in superannuation administration
- * the ability to make best use of computer systems
- * the necessary managerial background
- * and should preferably be a qualified accountant.

The existing online administration is now being enhanced by using the ORACLE relational database software which will then provide exceptionally comprehensive and easy to use facilities.

We can offer:

LONDON

- * relocation assistance up to £4,500 plus removals, disturbance and travel costs.
- * mortgage subsidy scheme.

We pursue a policy of equality of opportunity. Applications are particularly welcome from people with disabilities.

For an informal discussion, please contact Dennis Price on Winchester (0962) 84756.

For more details and an application form, please contact: Personnel Officer, County Treasurer's Department, Hampshire County Council, The Castle, Winchester, Hants. S023 8UB. Telephone: Winchester (0962) 847487, Closing date: 19th February 1988.

COUNTY TREASURER'S DEPARTMENT

Ionathan Wren

Two major European banks, who are expanding their successful dealing teams, are seeking several dealers. Applicants should have a minimum of three years experience of either spot cable or S/major European spot/forward dealing. Very competitive salaries and benefits will be offered to arreact the

EUROYEN TRADER £70,000

Our client, a highly reputable market making institution, is looking to strengthen its trading presence in the bond market and requires a dynamic, young europen trader to fulfil a key role within their trading team. The successful applicant, aged 26 to 32 years, will be currently enjoying a successful trading role with a major market maker. Contact Anna Fenwicke.

SALES MANAGER £50,000 + benefits

Due to increased global activity our client, a major international finance house, is currently expanding its direct sales team and requires a highly experienced senior sales person to lead them. Aged between 28 and 32 years, the ideal candidate will possess a wide knowledge of all capital markets products and sectors and will have gained strong leadership and man-management skills with a major market player. Excellent future career prospects are differed together with an attractive benefits package. Contact Anne Fenwicke. HONG KONG

> Jonathan Wren
> Recruitment Consultants
> No. 1 New Service Consultants No. 1 New Street, (off Bishopsgate), London EC2M 4TP. Telephone: 01-623 1266. Fax: 01-626 5258.

SINGAPORE

SYDNEY

Both clients are eager to develop further their

We are experiencing considerable demand from North American Stockbrokers for ambitious individuals with at least two years Canadian Equity Sales experience.

CANADIAN EQUITY SALES

£Excellent

international distribution capability in recognition of the strength of their domestic foundations.

These represent excellent opportunities for career progression and remuneration will be made sufficiently attractive to the right candidate.

UKEQUITY SALES £25,000 to £50,000

Our client, a UK Stockbroker with the backing of a major International Bank, is undergoing a period of planned expansion.

Consequently, we are seeking experienced UK Equity Salesmen who are keen to develop their careers further in a professional and friendly environment with a firm committed to future

To discuss these positions further in strictest confidence, please contact Christopher Lawless, Stuart Clifford or Hilary Douglas on 01-583 0073 (answerphone outside office hours).

BADENOCH & CLARK

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Salary £TBA US Equity Trader Major US House requires a young, dynamic individual with at least 3 years trading experience in the US equity markets. Excellent opportunities plus a totally negotiable package to

US Treasury Executive Prominent US banking group seek senior US Treasury executive. The successful applicant will have extensive knowledge in this area.

C/M Operations Salary up to £60k basic Expanding International House seek people with several

years experience in Japanese Yen or US Convertibles to develop their Operations department. Genuine potential plus a generous package. Our clients seek experts with in-depth experience in the

Sales; Senior French Analyst; European Equities Sales/ Traders, Fixed Interest Sales; Yen specialist. For further information on these and other positions

following fields:- Canadian Bond Sales; Canadian Equity

available, please contact:-

Les Martindale or Fiona Cunningham CAMBRIDGE APPOINTMENTS Executive Search Division 232 Shoreditch High St. London Et 6PJ Telephone 01 377 6488



All applications will be treated with the strictest confidence.



Development Unit PRINCIPAL MARKETING ADVISER

SALARY - £20,667 TO £22,164

As part of its continuing commitment to tackling unemployment in Strathchide the Regional Council, Britain's Largest Local Authority, has recently created this important new senior mangement post to strengthen its Industrial Development Unit, which is based in the Chief Executive's Department.

We are now looking to recruit an enthusiastic Business Professional with extensive experience in the following areas to lead a team of nine staff:

- TRADE DEVELOPMENT AND PROMOTION
- INWARD INVESTMENT

The successful applicant will be responsible for © Developing and directing all aspects of the units marketing and promotional activities at home and abroad © Liaising closely with senior personnel in Strathelyde Companies, Local Authorities and Public Agencies © Developing and managing the Council's Business Opportunities Database.

Business Opportunities Database. In addition to the value, stated the post has an attractive package of Conditions of Servace including Car Leasing or Assisted Car Purchase, Removal Expenses, Non-Contributory Life Assirance and Contributory Superannuation Scheme. For an application form, gob description and further details of the post and the Industrial Development Unit please contact - The Assistant Director of Personnel Servaces, Glasgow, Sub-Region, Stratheyde House 8, 20 India Street, Glasgow, G2 492: Tel Not. 227 2260, to whom completed forms should be returned quoting Reference Number G01133 by 22 February 1988.

An Equal Opportunities Authority

Independent Fund Management Group

Marketing Manager

West End

An unusual and stimulating role is envisaged for a Financial Marketing Specialist to join an independent Fund Management group. This is a senior appointment in a relatively small grouping which has close and vital links with a number of top rated City institutions. Our Client's interests include investment trusts, other corporate lunds, the portfolios of high net worth individuals and a growing Unit Trust business. It is in this latter area that the main contribution is sought.

The job will appeal to a generalist who is equally at home with product development and marketing - including public relations - advertising - sales to leading professional

Ideally the person they seek will be in their early thirties with a Graduate background and will have worked for one of the major financial groups. Experience of similar projects is obviously essential, as is practicality and the ability to work within a relatively small group and to contribute. Our Client would consider applications from a wider age background, provided the person concerned has relevant product experience. In addition to the salary indicated, there would be a normal range of benefits, including a

car and share options in the longer term for the right person. In the first instance, applications should be addressed to Colin Barry, Senior Partner, of Overton Shirley and Barry, and will be treated in total confidence. Please write to him at Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 01-248 0355.

Overton Shirley & Barry

Clerical Medical Unit Trust Managers launched its first trust three years ago. The business has been developed rapidly and we now have £170m under management spread over 13 trusts. This is just the beginning. From this start our aim is to build a major business, based on Clerical Medical's investment expertise and reputation for integrity and

Unit Trust Marketing Manager

BRISTOL

This appointment is key to our future plans. Reporting to the Chief Executive, the Marketing Manager will be respon-



sible for all aspects of marketing unit trusts and for ensuring that the organisation responds to changes in the business environment. Planning and strategic thinking will be major We are looking for a marketing professional with extensive unit trust experience. Your management skills will also be

important as you will head a department consisting of three

In return we offer an excellent salary and benefits package comprising a company car, non-contributory pension and

Please apply with detailed CV to Nick Morgan, Senior Personnel Officer, Clerical Medical Unit Trust Managers Ltd., Narrow Plain, Bristol B52 0JH. Tel (0272) 290566.

Head of Administration

(Director Status)

fast growing marketing teams.

Unit Trusts

City

Our Client, part of a leading British International Bank, seeks a Head of Unit Trust Administration to manage, motivate and provide technical gui-

dance to a team of eight. Based at Head Office, your brief is to assume control of day to day operations in the department and be instrumental in its future development.

Car and valuable bank benefits package Probably in your 30's, it is essential

c£30,000 basic

to be fully conversant with the administrative, legal and accounting technicalities of unit trusts and to demonstrate expertise in the application of computerised systems to unit trust administration. Some experience of management would be a prerequisite.

55/6 St. James's St., London SWIA 1LQ. Tel: 01-491 3811.



To apply in confidence, please phone or write to our consultant, Fioria Law. quoting ref 1105.

IT Consultancy – Investment Banking

Keeping your options open

City

to £45,000 + car

These openings with a leading international management consultancy offer the chance to enhance significantly your earnings and career potential. Our client acts for some of the most prominent banking and financial organisations in the City and has been at the forefront of change in this increasingly complex sector.

The work is both varied and demanding and includes high level advice on IT strategy, systems development and implementation. Consultancy teams are multi-disciplinary and you will be working alongside some of the most talented people in the business. There is a flexible and responsive style of management, with particular emphasis on career development and training.

Probably in your late 20s or early 30s, you must have a thorough understanding of the securities and capital markets industry or financial services sector gained either in consultancy or in investment or merchant banking. Alternatively, you could be working in an organisation providing specialist support services to the City such as a software house, financial information company or computer manufacturer. The rewards are high and the longer term opportunities excellent, whether you decide to stay in consultancy or otherwise.

If you are interested or wish to know more, please telephone or write to John Cameron, quoting reference CF863, at 84/86 Grays Inn Road, London WCIX 8AE (telephone: 01-404 5971).

CAMERON - SIMPSON

Consultancy - Search - Selection

Compliance Lawyer Global Investment Bank

Package in excess of £50,000

Due to expansion, we invite applications for the post of Compliance Lawyer with a prestigious International

Reporting to the Head of Legal and Compliance the successful candidate will be responsible for developing and maintaining procedures to monitor the diverse activities of the bank's London operations. The bank is a major player in the International Capital Markets both debt and equity, Sales and Trading, Gilts, Corporate Finance and Investment Management.

Candidates should be legally qualified with experience gained within the field of Regulation/Compliance or a major City law firm. The environment is dynamic and fast moving and the successful applicant will be expected to respond quickly and positively to new developments.

Please contact Paul Wilson or Penny Bramah in confidence on 01-404 5751, or write to them at Michael Page City, 39-41 Parker Street, London WC2B 5LH.



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Opportunities for Accountants in

Venture Capital

looking to introduce high calibre ACAs to the exciting and innovative world of Venture Capital. As an Investment Controller with 3i you will

At the request of 11, Michael Page City is now

need to satisfy the following criteria:

- * Graduate Chartered Accountant Age 25-30
- * Broad post-qualification experience either in practice or within industry/commerce
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* The North - Sheffield, Liverpool, Manchester If you are interested in finding out more about a career in Venture Capital with 3i, please telephone Lindsay Sugden ACA or Venetia Crow on 01-404 5751, or send your curriculum vitae to them at

Michael Page City

e City will be nothing prelimina

interviews for Investment Controller positions for

In particular we are keen to talk to applicants

* South East - London, Reading, Brighton

Midlands – Birmingham, Nottingham,

3i regional offices throughout the UK.

interested in the following offices:

* South West - Bristol, Cardiff

Michael Page City, 39-41 Parker Street, London WC2B 5LH.

Investors in Industry

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Executive Managing Director

c. £35,000

Lothian Enterprises Ltd will operate a new and imaginative Business Development Fund within Lothian Region. The initial emphasis will be to provide a source Business Development Funding (equity and loan), and Project Appraisal Funding. The aim is to encourage the establishment and growth of commercially viable companies which might not otherwise obtain funding from other sources.

Lothian Enterprises Ltd, is being established with grant assistance from Lothian Regional Council as a company limited by shares and will be a subsidiary of Lothian Enterprise Board Limited.

The Company is looking for its first Executive Managing Director whose responsibility

will be to establish this new Fund.

The ideal candidate will have all or some of the following attributes:-O Practical experience of establishing and running a company.

O Business development consultancy experience.

O Business Fund Management experience

The post will offer a salary negotiable around £35,000 together with appropriate benefits. (A secondment may be

Application is by C.V. and should be returned by the closing date, 12 noon on Monday 15 February (quoting reference JAD/CNA, marked "Confidential") to Lothian Enterprises Ltd, Dundas & Wilson Solicitors, 25 Charlotte Square, Edinburgh, EH2 4EZ. Interviews will be held on 14 and 15 March 1988.

國 LOTHIAN ENTERPRISES

LIMITED

Application details are obtainable by telephoning Edna Williams, 031 - 229 9293, ext. 3491.

For informal discussion, telephone Jim Dickson on 031 - 229 9292, ext. 3468.



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Agency Division

c. £40,000 + car

Liverpool

Following a reorganisation in this leading financial services company, part of the international Royal Insurance Group, this new post has been created. The Marketing Manager will report to the Division's General Manager as a member of a small senior management team controlling its operations. He or she will lead the marketing department, working on the development and promotion of a wide range of life and pensions products sold in the UK.

The successful candidate will have a background in financial services, ideally in the unit trust or life and pensions industries. In addition to exceptional marketing and management skills, he or she must possess a strong strategic sense and entrepreneurial flair to enable the Division to take advantage of extensive new business opportunities and facilitate the continued rapid growth of this major Group.

In addition to a substantial salary, very attractive benefits and relocation expenses will be provided. Interviews can be arranged out of London.

Please apply to: Sir Timothy Hoare Bt., Career Plan Ltd. 33 John's Mews, London WC1N 2NS. Tel: 01-242 5775.

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MAJOR TOUR **OPERATOR**

(London based) Requires young ambitious accountants (23 - 30), seeking a demanding and challenging role with the opportunity to work with one of todays most sophisticated computer

FINANCE MANAGER cf.29,500 Responsible for all accounting aspects of the overseas opera-

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Concessions 25 days holiday Please call Nadia Miscione, Meridian Associates Ltd (Rec Cons) 01 255 1555.

seeking INTERNATIONAL

Credit Inspection Manager

Neg to £28,000 plus car

Girobank is a highly progressive and forward thinking UK clearing bank—continuing to increase the range of financial services it offers, particularly to business customers. As a result of developments in corporate credit activity, we now have a vacancy for a Credit Inspection Manager.

Reporting to the bank's Head of Audit and Inspection, this is a key senior management role with responsibility for the consolidation and further development of the credit inspection function. The main purpose of your job will be to plan, undertake and manage reviews of all activities relating to mainstream corporat lending and to other banking products involving credit risk exposure such as letters of credit. foreign exchange and leasing facilities. The Job will involve dose liaison with Corporate Banking Managers at senior level in both our Regional Offices and London and with the bank's Operational Audit team. The position is Bootle, possibly London, based and will involve a

substantial traveling commitment.

You will have several years bank landing and bank inspection experience, together with a full knowledge of all espects of credit analysis, lending operations, securities and legal requirements. You will need to be highly self motivated, be able to lead and develop the bank's Credit inspection team and have good interpersonal skills. We would also expect you to have a professional banking qualification.

Benefits include a contributory index-linked pension, five and a half weeks holiday and istance with relocation expenses where necessary. A car will be provided under the bank's contributory car scheme. Should a London appointment be made, a London allowance of £2,100 will be paid.

Please apply in writing outlining your career progress, current salary and how you meet our requirements to: Paul Wildes, Management Appointments Manager, Girobank, Bridle Road, Bootle, Merseyside, GJR OAA, Tel: 051-966 2487.



Hoggett Bowers plc Executive Search and Selection Consultants

A MEMBER OF BLUE ARROW PLC

UK Institutional Sales

A leading Securities House is looking for additional top quality UK Institutions equity salesman to reinforce its existing team. Candidates will have a minimum of 2 years experience, ideally more and the remuneration package will reflect the quality of the personnel required.

We are also continuing to look for experienced EUROPEAN SALES AND RESEARCH staff for a number of our clients.

To \$40,000, Benefits n eccordance with long-established plans for their Lundon operation, regulable west European bank is implementing a major programme of expansion within heir Furex Dealing area. A number of dealers are sought with expansion within being refined to the continuous of sepansion within the programme of sepansion within the plance-sheet products [2] [FRAs, Putures, Intensit-rate swaps]: US Deposits and CDs; Sterling Deposits; Customer Services. The positions very in enterity but three years varied dealing exparience would be a minimum to mark onsideration. Excellent salaries are supported by first class benefits and the concernity to service in very sone to see the processing to service the service of the continuous contin

A prominent stockbroker with a first class reputation in Europe is looking for an additional analyst to cover the German market. Candidates will be finent in German and will have a minimum of 2 years experience in a similar especity. There are excallent career development prospects attached to the position. The salary is negotiable according to experience.

\$29,000, Cai

City based European hank currontly seeks a Manager for their Treasury department. You will be responsible for the efficient running of this busy support area which covers FX. MM and new instruments. Candidates will have least five years experience in foreign exchange and had exposure to the new instruments, in addition to sound technical and man-management skills.

Business/Sustems Analyst

CITY DIVISION

Districts Assertist Process of the Banking/Operations background. The position involves designing, implementing and recommending systems for different departments, carrying out festibility studies, oct analysis etc. Candidates must have a high level of interpersonal and communication skills, be numerate, understand and use data in order to identify change and a significant level of organisational skills. Familiarity with IBM 36/38 and Mides is essential.

French Equity Research/Sales A prime European Bank wishes to recruit an individual to work in a team providing French equity research and sales to UK institutions. This position offers an exciting opportunity to develop a career in an expanding area of their operations. The right candidate will be fluent in French and have some experience of the French merket probably in a research capacity. Salary will be negotiable are provided to experience.

Corporate Finance

A first class International Bank is looking for an executive to provide research and analytical support for the marketing of corporate finance services to UK Corporates. Responsibilities will include cilent visits with the potential to develop your own cilent base. Candidates will have a good degree, 1-2 years city experience perhaps involving marketing to UK corporates. Knowledge of mergers and acquisitions would be useful but not mandatory.

Fund Management - Graduate Premier English Merchant Bank seeks to recruit a graduate for first class opportunity within international fund management. With a minimum of 18 months work experience in a reputable City institution, candidates must possess proven interpersonal skills. Initially, the position will entail assisting a Senior Fund Manager as part of a team of 10 handling funds worth £5/6 bn. Prospects for a challenging, rewarding career are excellent.

01-588 4305/6 Moorgate Hall, 153/157 Moorgate, LONDON EC2M 6XB.

U.S.TREASURIES TRADER

CITICORP INVESTMENT BANK JAPAN is looking for an experienced dealer in all U.S. treasury instruments ... someone who can make a major profit contribution.

The candidate should have a minimum of 5 years experience, familiarity with all related products and is willing to re-locate. Salary and bonus are highly competitive.

If you are interested, have the necessary qualifications and would welcome a challenge in the world's most exciting marketplace, send your resume to:

> JAPAN INVESTMENT BANK ATTN: PETER SKORPIL ARK MORI BUILDING, 24TH FLOOR 1-12-32 AKASAKA, MINATO-KU, TOKYO 107

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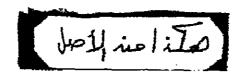
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Portfolio Management

UK and International Equities

Central London

Our client's pension fund is one of the largest in the UK with over £4 billion assets and a high level of investment activity, the scale of which creates these challenging career opportunities for experienced professionals.

UK Equities Manager

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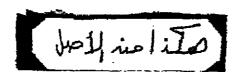
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COMMODITIES AND AGRICULTURE

EC court victory for UK sheep farmers

By Tim Dickson in Brussels

BRITAIN'S sheep farming industry won two important victories yesterday when the European Court of Justice ruled in its favour over the way a controversial export tax and a special ewe pre-mium scheme were being cal-

mium screene were being car-culated by Brussels. But the decisions could also raise new tensions in the sim-mering "lamb war" between France and the UK.

Mr Simon Gourlay, President of Britain's National Farmers' Britain's National Farmers' Union, welcomed the legal judgements last night and said that he would be pressing for early repayment of "the millions of pounds of which our sheep industry has been deprived by the European Commission." NFU officials reckon that the payments could amount to around \$13m in total.

About £10m of this is thought to relate to the way the single ewe premium was calculated between the Spring of 1984 and the end of 1985. Under the rules of the system the payment to British farmers is ade after the deduction of the weighted average of the variable slaughter premium, a subsidy which is only avail-able in the UK. The British Government complained that the premium figure had been overstated as a result of the Commission's methodology and the court agreed.

In this case it seems to have restricted its observations to the detailed regulations of the relevant regime. In the two clawback cases -

brought by producers as well as by the Government – the court indicated that the Commission had exceeded its powers under the Treaty.

The problem arose because of the way in which Brussels levied the export tax on ship-metric of exercise and the state of exercise and the state of exercise as well as the following transfer of exercise transfer of ex

powers under the Treaty.

The problem arose because of the way in which Brussels the way in which Brussels levied the export tax on shipments of ewes, rams, and light lambs which do not qualify for the UK's variable premium. The principle of the clawback — essentially designed to neutralise the effect of the variable premium on UK exports — was not an issue as such, only the way in which it was levied on target of 750,000 tonnes. Most way in which it was levied on target of 750,000 tonnes. Most certain animals. Britain has of the credit for the bumper long suspected that this was a harvest belongs to favourable political gesture designed to limit exports of lamb from the UK to France.

have the train and the bunder of the bunder of

limit exports of lamb from the UK to France.

The of the most surprising aspects of yesterday's decisions was the way the court went against the opinion of its Advocate General in one of the clawback cases. The Court said that Article 9 (3) of the Treaty did not disclose an intention to confer wide discretion to the Commission and that it was therefore necessary to refer to the fundament of all farming court of the clawback cases the industry.

Today peanut farms cover 40 per cent of all carming court of the problems found to disclose an intention to confer wide discretion to the Commission and that it was therefore necessary to refer to the fundament of all farming debts, for its Advocate General in one of all farming debts, for its Advocate General in one of the clawback to the conomy.

Many of the problems found today can be traced back to the loday can be traced One of the most surprising taken some steps in the right

CAP complexities 'can lead to fraud'

THE REGULATIONS governing the import and export of commodities that fall within the purlieu of the European Community's common agricultural prolicy are so complex that they can easily lead to fraud, Britain's National Audit Office declared in a report published yesterday.

The ECs import and export and export in the NAO, the independent controls, which cover the 12 goods differ from the descripmenter states but are not yet subject to fully standardised the collection of duties but also border taxes and subsidies to regulations); and diversion a word paying MCA levy) and known as monetary compensatory amounts (MCAs).

The system is such that its qualifies for an export refund but end up in a country which does not.)

In the first category, the Customs and Excise departmenting the first category, the Customs and Excise departmenting variant of it was discovered in Northern Ireland to Eire with the meat being subsequently exported legally to the UK mainland. Traders were estimated to have netted 2100 per head of cattle, the NAO says, adding rather bitterly that the costs of establishing special by the EC.

The well have been exported to Yugoslavia but In fact went to wariant of it was discovered in Northern Ireland to Eire with the meat being subsequently exported legally to the UK mainland. Traders were estimated to have netted 2100 per head of cattle, the NAO says, adding rather bitterly that the costs of establishing special by the EC.

The well the first category, the Customs and Excise departmenting the meat being subsequently exported legally to the UK mainland. Traders were estimated to have netted 2100 per head of cattle, the NAO says, adding rather bitterly that the costs of establishing special border patrols to prevent the subgrider of cattle variant of it was discovered in Northern Ireland to Eire with the meat being subsequently exported legally to the UK mainland. Traders were estimated to have netted 2100 per head of cattle, the NAO says, adding rather bitterly that the costs of establishing special

Kuala Lumpur tries to curb speculation in palm oil market

BY WONG SULONG IN KUALA LUMPUR

ALM OIL traders on the Kuala PALM OIL traders on the kname Lumpur Commodities Exchange yesterday began paying higher margins (initial down-payments on contracts) in line with efforts by the authorities to comb exercise appropriation

on contracts) in the with efforts by the authorities to curb excessive speculation. The Malaysian Futures Clearing Corporation, which guarantees trades on the KLCE, announced that margins for spot deals for crude palm oil were being increased from 3,000 ringgit (£686) to 4,000 ringgit per 25-tonne lot, while margins for forward contracts rose from 2,000 ringgit to 2,500 In spite of the world stock market crash last October, the past few months, with CPO prices rising from 850 ringgit at tonne to a high of 1,270 ringgit.

Average daily volume during the past two months exceeded 1,000 lots, three times higher than in the same period a year ago. Prices have also seen wide fluctuations.

India's heavy palm oil purpose in the first surface of the drastic short-fall in its edible oils production as a result of the drought. However, it has warned it would say rapessed oil if CPO prices and rapessed oil if CPO price of 1,100 ringgit a tonne is still 1,000 ringgit to 2,500 ringgit to 2,500 revert to its traditional discount during the past two months, with CPO prices rising from 850 ringgit at tonne to a high of 1,270 ringgit.

Average daily volume during the past two months exceeded 1,000 lots, three times higher than in the same period a year ago. Prices have also seen wide fluctuations.

fluctuations.
India's heavy palm oil purchases have been a major factor in inducing the speculative feryour It announced last week that it was suspending its traditional weekly Thursday tender, and instead, its State Trading Corporation would enter the market as and when prices are

India is believed to have purchased as much as 1.1m tonnes of Malaysian palm oil last year, compared with its normal purchases of 600,000 tonnes, to make up for the drastic shortfall in its edible oils production as a result of the draught. How-

projected that world palm our production will rise by 7.5 per cent to almost 8.2m tonnes in 1987-88. Malaysia and Indonesia are expected to have a combined output of 6.33m tonnes (an increase of 8 per cent), or 77 per cent of world

output.
The Malaysian Palm Oil Registration and Licencing authority put preliminary estimates at ity put preliminary estimates of Malaysian exports for 1987 at 4.2m tonnes of palm oil, 505,000 tonnes of palm kernel oil and 690,000 tonnes of palm kernel cake, worth 3.9bn ring-git.

THE ALUMINUM Company of thina Productions, the stateAmerica this week reclaimed its owned company which had bauxite refinery in Central leased the refinery, said the Jamaica, but it is locked in a plant had not been "officially" legal wrangle with the Jamaican Government and the statecan Government and the stateowned company which has been over to Alcoa as "certain terms and conditions have owned company which has been ont been met." He accused operating the plant under lease for the past three years.

Mr Gerry Dudley, general beld to ransom "

ALTHOUGH SENEGAL'S pea-

THE ALUMINUM Company or mina Productions, the state- the stockpile at current output ments," he complained.

America this week reclaimed its owned company which had of 750,000 tonnes per year.

Behind the impasse is the

DEEPENING concern about availability of US supplies

has encouraged a sharp rise in peanut prices, writes Our Commodities Staff.

Commodities Staff.
In the January 28 issue of its Edible Nuts Market Report Gill & Duffus, the London trade house, reports that "in the past week alone" prices for US runner 40/50 peanuts, the premium

cent of total export earnings. With an undependable climate

bauxite production level, in which payments are pegged at six per cent of the market price of aluminium ingot sold in north america, western europe and asia.
Industry officials report also

the Jamaican Government has forward sold significant quantities of the output of the refinery. "If that is the case," said one industry analyst, "the Government will be denied access to the output of the aicoa plant to meet these forward commitments because the company has also taken commercial control also taken commercial control

WEEKLY

This shift from state to pri-

vate enterprise has not been wholly successful. Producer

prices have increased from CFA

Francs 50 (10p) per kg to CFA
F 90 (18p) per kg, but state
subsidies of seed and fertiliser
are being phased out. Sales of
both are dropping and this
could lead to the most serious

problem yet as soil fertility declines in areas already threatened by desertification.

This year's anticipated crop of 850,000 tonnes is the highest since the 912,000 tonnes of 1982-83.

tonnes was an improvement on 1985, but still lower than those produced between 1981 and

When the advantages of favourable rain are removed

the Senegalese peanut industry struggles. Efforts are being

Re-organisation and rational-

METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 2,290-2,330 (2,290-2,330). BISMUTH: European free market, min 99.99 per cent, \$ per lb, tonne lots in warehouse,

1.70-5.30 (4.45-4.65). CADMIUM: European free CADMIUM: European free market, min 99.95 per cent, 8 per lb, in warehouse, ingots 3.70-4.10 (3.12-3.20), sticks 3.70-4.10 (3.12-3.20). COBALT: European free mar-ket, 99.5 per cent, 8 per lb, in warehouse, 7.10-7.25 (7.15-

7.35). MERCURY: European free

per 76 ib flask, in warehouse, 305-315 (305-315).

MOLYBDENUM: European free market, drummed molybdic oxide, \$ per lb Mo, in ware-house, 3.18-3.25 (3.20-3.30).

SELENIUM: European free market, min 99.5 per cent, \$ per lb, in warehouse, 9.10-9.30 TUNGSTEN ORE: European

free market, standard min 65 per cent, \$ per tonne unit (10 kgs) WOz, cif, 49-58 (same). VANADIUM: European free

Alcoa in wrangle over Jamaican bauxite refinery

operating the plant under lease for the past three years.

Mr Gerry Dudley, general manager of Alcoa Minerals of Jamaica, said the company had taken commercial control of the 800,000 tonnes a year refinery which it closed in February which it closed in February no interruption in production.

But Mr Robert Stephens, general manager of Clarendon Alu-

Alcoa has started an action in the Jamaican courts to have its mining lease handed over. This followed an injunction filed by Clarendon to deprive Alcoa of access to funds for maintaining the plant. The injunction was upheld and then set aside.

Mr J.L. Diederich, president of Alcoa Minerals, has accused the Government of trying to deny the company the right to resume full responsibility for its refinery. "The Government wants a 800,000 tonnes per year, and that Alcoa undertakes not to close the facility except in circumstances mutually agreed has indicated an unwillingness to create the right economic cli-

esting grade, leapt \$100 to \$1,125 a tonne, cif Europe. The report shows that the

US Department of Agricul-ture's January estimate confirmed the significant reduction in crop expecta-tions reported in November. Its August estimate of

2.07m tonnes was cut to 1.79m tonnes in November and remained at about that

Simon Clarke examines the problems facing the country's key export sector Senegal struggles to repair damage to peanut industry level in January.
Gill & Duffus describes

Gill & Duffus describes the current mood of the peanut market as "ebullient" but questions whether the recent strength is really justified, "given the less than clear picture of the tonnage exportable from the 1987 crop in the United States," and the high level of world stocks.

fertiliser were made to the its agents. As the problems farming co-operatives but mounted delivery delays records were poorly kept. It increased and farmers failed to With an undependable climate tarming co-operative and exposure to fluctuating records were poorly kept. It world prices that earning became common practice to falcapacity has suffered, falling as sify the amounts of these loans, low as 20 per cent of export with the difference going into value in 1984 and sending the pockets of officials, and to repercussions throughout the divert some of the crop to other markets, writing the amounts encouraged farmers to return contypoor quality seed, leading

these returns had become negli-gible; illegal trade reached a high point and the organisation ceased to be effective. One thing privatisation has failed to achieve is stability. The 1986 crop of 347,000

Comparable Chinese and

Argentine grades have strengthened in sympathy, it notes, "but by no means

to the same extent as US runners." Latest premiums

canners." Latest premiums for the US nuts, it says, have been about \$500 over Chinese Hsuji 40/50s and \$485 over Argentine runner 40/50s.

Oncad's operations were transferred to other organisations but the expected recovery in production failed to materialise. Drought affected the crops in 1980-81 and again in 1984-85. Combined with this was continued mistrust of offi-cial marketing channels and increasing avoidance of them.

Following the poor harvest of 1984-5 the Government opened the market to private traders, retaining a majority sharehold—the problem.

Re-organisation and rational which has a monopoly in the processing and marketing of peanut oil. The peanut oil factories are now operating at an other processing and marketing of processing and In a clear majority of cases the final judgement usually follows the opinion of the Advocate General.

The period market organisation.

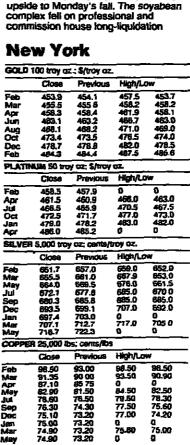
The period of the industry efficiently and it remains to be standing debts were deducted by Oncad before returns and closures may have to be they provided more than 75 per cent of all cultivated land to enormous bureaucratic difficulties and overstaffing there culties and overstaffing there dies, the rest being spent on to operate the industry efficiently and it remains to be standing debts were deducted by Oncad before returns and closures may have to be they provided more than 75 per lb, U1O1, 16.65 (same).

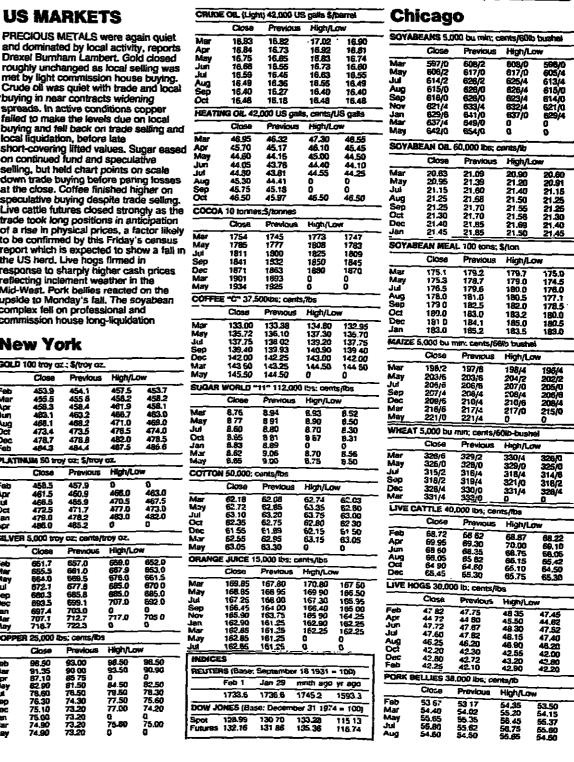
The period of the industry efficiently and it remains to be standing debts were deducted by Oncad before returns and closures may have to be industry into shape.

WORLD COMMODITIES PRICES US MARKETS

and dominated by local activity, reports Drexel Burnham Lambert. Gold closed roughly unchanged as local selling was met by light commission house buying. Crude oil was quiet with trade and local buying in near contracts widening spreads. In active conditions copper failed to make the levels due on local buying and tell back on trade selling and local liquidation, before late short-covering lifted values. Sugar eased on continued fund and speculative selling, but held chart points on scale down trade buying before paring tosses at the close. Coffee finished higher on speculative buying despite trade selling. Live cattle futures closed strongly as the local liquidation, before late

trade took long positions in anticipation of a rise in physical prices, a factor likely to be confirmed by this Friday's census report which is expected to show a fall in the US herd. Live hogs firmed in response to sharply higher cash prices reflecting inclement weather in the Mid-West. Pork belies reacted on the

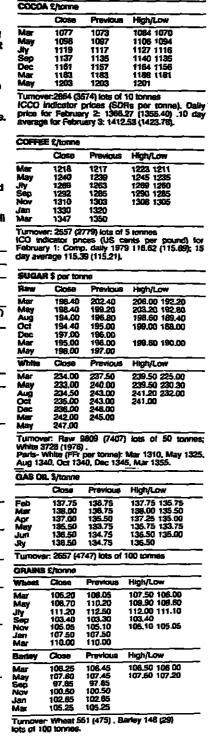




LONDON MARKETS

COPPER PRICES rose in morning trading, with general short covering and reports of some Chinese buying Interest fuelling the trend. However, they retreated in the afternoon on sporadic profit taking as New York prices eased and news arrived of an end to the strike at Peru's Southern Peru Copper Corporation. At the close three-month metal was £5 down at £1,134.50 a tonne. The news from Peru also wiped out morning gains in lead prices, leaving prices slightly down. Meanwhile the Baltic Freight Index hit a record of 1,408.5, spurring turther rises in the Baltic International Freight Futures (Biffex) dry cargo contract. Levels eased on profit taking towards the close, but the three-month contract put on 23 points to close at 1,390. Sugar prices fell further in the afternoon, adding to Monday's losses.

SPOT MARKETS		
Crude oil (per barrel FOB)		+ OF -
Dubal	\$15.55-5.60	
Brent Bland W,T,L(1 pm est)	\$16.05-6.15 \$16.98-7.00	
Oil products (NWE prompt		
Premium Gasoline Gas Oli (Soviet) Heavy Fuel Oli Naphtha Patrolaum Argus Estimates	\$158-160 \$136-138 \$70-72 \$148-150	+1
Other		+ QT -
Gold (per troy oz)4 Silver (per troy oz)4 Platinum (per troy oz) Palladium (per troy oz)	\$456.25 662c \$461.75 \$118.00	+4.75 +9 +5.00 +2.25
Aluminium (free market) Copper (US Producer)	\$1995	+25
Lead (US Producer) Nickel (free market) Tin (European free market) Tin (Kusta Lumpur market) Tin (New York) Zinc (Euro, Prod, Price) Zinc (US Prime Western)	37.50c 365c 23875 17.19r 316.00c \$890 44,75c	-2.50 -15 -50 -0.06 -0.50
Cattle (live weight)† Sheep (dead weight)† Pigs (live weight)†	104.24p 152.13p 64.52p	+0.12° +2.17° +0.82°
London daily sugar (raw) London daily sugar (white) Tate and Lyle export price	\$234.00w \$237.40w £240.50	-16.00 -13.60 -10.50
Barley (English feed) Maize (US No. 3 yellow) Wheat (US Dark Northern)	£111.50w £135.50 £98.00u	-0.50 +2.00
Rubber (spot)♥ Rubber (Mar) ♥ Rubber (Apr) ♥ Rubber (KL RSS No 1 Mar)	62.75p 67.25p 67.25p 279.00m	-0.75 -0.75 -0.75
Coconut oil (Philippinee)§ Palm Oil (Matayatan)§ Copra (Philippines)§ Soyabeans (US) Cotton "A" index Wooltope (64s Super)	\$537.50x \$425.03 \$380.00 £153.00 \$26p	-12.50 -20.00
E a tonne uniess otherwise of c-cents/b. r-ringgit/kg. w-Fe z-Mar. u-Apr/May, x-Mar/Ap awarana tetespok network	Stated, p-pen	ı/Feb.



LONDO	H META	EXCH	NGE		(Prices sup)	sied by Amai	gamæted 1	Aetal Tradi
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copper,	Grade A	(Σ per tor	1416)			Ring	Durnover	44,150 to
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months			1139-40	1180/112	0 1155-6	1130-2		3,106 lots
	Standard						Hing turn	lover 0 to
Lash Months	1198-1 1094-1		1190-200 1130-40		1210-30 1105-25		45	lots
Pyer (U	S cents/fi	ne ounce)				Ring to	mover 0
Cash	658-6		654-7		858-60			
months			665-8		558-70			5 tots
	per tonne	<u> </u>				Run	g turnove	r 9,650 tor
Cash months	385-7 354-5		387-8 335.5-6	395/390 359/354	393-4 355-9	354-6	12	.791 lots
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urbugus Sasi			501-2	500/492	496-7	492-3	12	,837 lots
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Viay	165.40	167.50	150.00 14 166.60 16	55.00	Morning fix Afternoon fix	455.15 455.90	258. 258.	
eb	97.00 103.00	58.00 102.50	97.00 9 103.00	6.50	Day's high Day's low	458-4581: 4541:-45414		
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	AN MEAL				Coins	\$ pace	£ ec	ne seviu
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lun Lug	122.60 121.50	123,00 122,00			Krugerrand 1/2 Krug	455-458 238-247	257- 1341	259 5-139%
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25	127 00	127.00			Angel 1/10 Angel	468-473 47-52	261/2	>-267¼ -295>
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)ct	1423.5 1408.5	1405.0 1399.5	1435.0 14		Silver fix	p/fine oz		ts equiv
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	. 545 (248	33			6 months 12 months	412.30		
umover JUTE		==				412.30		
JUTE Februar BWC \$5	y/March (540, BTD	c and f Di \$475, BW	undee BTC \$5 VD \$485; c an	df]				D OPTION
JUTE Februar BWC SS Antwent	y/March (540, BTD o BTC \$5	c and f Di \$475, BW	undee BTC \$5 VD \$485; c an \$515, BWD \$	df]	12 months LONDON MET Aluminium (99	AL EXCHANG		Puts
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JUTE Februar BWC SS Antwer BTD SA' COTTO Uverpo wack or tonnes	ry/March (540, BTD) 5 BTC \$50 70. HN ol - Spot (inding Janua against 84	c and f Di \$475, BWC 25, BWC and shipr uary 29 a 43 tonnes	VD \$465; c an \$515. BWD \$4 ment sales for	d f 460. the 54	12 months LONDON MET Aluminium (99 Strike price \$ 1 1850 1950 2059	AL EXCHANG	Calls Mar May	Puts Mar Mar 35 120 78 179 138 250
JUTE Februar BWC SS Antwerp BTD SA COTTO Liverpo week er tornes t week. F West Af	ry/March (540, BTD) b BTC \$57 70. HN el - Spot (argainst 8- aur trading incan. Pai	c and f Di \$475, BWC 25, BWC and shipr yary 29 a 43 tonnes g persiste	VD \$465; c an \$515. BWD \$4 ment sales for mounted to 4: an the previo	d f 460. the 54	12 months LONDON SET Aluminium (99 Strike price \$ 1 1850 1950 2059 Aluminium (99	AL EXCHANG ,7%) Orme	Cells Mar May 133 115 75 76 37 48 Calls	Puts Mar Mar 35 120 78 179 138 250 Puts
JUTE Februar BWC SS Antwerp BTD SA COTTO Liverpo week er tweek F West Af	ry/March (540, BTD) b BTC \$57 70. HN el - Spot (argainst 8- aur trading incan. Pai	c and f Di \$475, BWC 25, BWC and shipr yary 29 a 43 tonnes g persiste	VD \$465; c an \$515. BWO Someon sales for mounted to 4: an the previous with dealing	d f 460. the 54	12 months LONDON MET Aluminium (99 Strike price \$ 1 1850 1950 2059 Aluminium (99 1750	AL EXCHANG	Cells Mar May 133 115 75 76 37 48 Calls 189 185 108 115	Puts Mar Mar 36 120 76 179 138 250 Puts 7 86 26 135
JUTE Februar BWC SS Antwerp BTD SA COTTO Liverpo week er week F West Af	ry/March (540, BTD) b BTC \$57 70. HN el - Spot (argainst 8- aur trading incan. Pai	c and f Di \$475, BWC 25, BWC and shipr yary 29 a 43 tonnes g persiste	VD \$465; c an \$515. BWO Someon sales for mounted to 4: an the previous with dealing	d f 460. the 54	LONDON MET Aluminium (59 Strike price \$ 1 1850 1950 2059 Aluminium (59 1750 1950	AL EXCHANG	Cells Mar May 133 115 76 37 48 Calls 189 185 108 115 52 78	Puts Mar Mar 35 120 76 179 138 250 Puts 7 86 26 135 69 198
JUTE Februar BWC SS Antwerp BTD SA COTTO Liverpo week er tweek F West Af	ry/March (540, BTD) BTC \$57 70. HN el - Spot (argainst 8- aur trading incan. Pai	c and f Di \$475, BWC 25, BWC and shipr yary 29 a 43 tonnes g persiste	VD \$465; c an \$515. BWO Someon sales for mounted to 4: an the previous with dealing	d f 460. the 54	LONDON MET Aluminium (59 Strike price \$ 1 1850 2059 Aluminium (59 1750 1950 Copper (Grade	AL EXCHANG	Cells Mar May 133 115 75 76 37 48 Calls 189 185 108 115	Puts Mar Mar 35 120 78 179 138 250 Puts 7 86 26 135 69 198 Puts
JUTE Februar BWC SS Answerp BTD SA COTTO Liverpo week er tonnes i week. F	ry/March (540, BTD) BTC \$57 70. HN el - Spot (argainst 8- aur trading incan. Pai	c and f Di \$475, BWC 25, BWC and shipr yary 29 a 43 tonnes g persiste	VD \$465; c an \$515. BWO Someon sales for mounted to 4: an the previous with dealing	d f 660. the 54 us gs w	LONDON MET Aluminium (59 Strike price \$ 1 1850 1950 2059 Aluminium (59 1750 1950	AL EXCHANG [7%] Office 5%]	Cells Mar May 133 115 76 37 48 Calls 189 185 108 115 52 78	Puts Mar Man 35 120 76 178 138 250 Puts 7 86 26 135 69 198

								_	
Cash 3 months	1970-9 1850-1		1965-85 1855-75	1870	1990-200 1958-70	10 1870-90	2	950 k	oits
			per tonne)			Ring	turnover	_	
Cash	1116-	9	1124-8	1124/11					
3 months	1046-7	<u> </u>	1049-50	1054/10		1054-5	47	,925	lots_
Copper,	Grade A (∑ per to	nr:0)			Ring	DILLICAGE	44,15	0 tonne
Cash 3 months	1240-5 1134-5		1225-30 1139-40	1270/12 1180/11	65 1266-7 20 1155-6	1130-2	76	,106	iots
	9tandard	(£ per to	nne)				Ring turn	OVER	O tonne
Cash	1198-2	206	1190-200		1210-30			_	
3 months			1130-40		1105-25			lots	
	S cents/fi						Ring to	(TOV)	n 0 052
Cash 3 months	658-61 669-72		654-7 665-8		658-60 668-70	<u> </u>	69	5 lots	<u> </u>
Lead (£ ç	per tonne)					Rung	turnove	9,65	0 tonne
Cash	385-7 354-5		387-8 335.5-6	395/390	393-4	254.5		704	
3 months	Der tonne		J35.⊋-6	359/354	355-9	354-6	12 Sumover	791	
			7000 00	7000 (70	30 7000 70		STILINOAR	2,20	O NOTE HE
Cash I months			7800-20 7630-40	7980/78 7830/76		7742-62		329 kg	
Zinc (£ pa Cash	er tonne) 489 5-1	90	497-B	493/489	491-2	Ring	furnove	7,30	O tonne
months	494.5-1	<u> </u>	501-2	500/492	491-2 496-7	492-3	12	,837	lots
POTATO	ES Short				LONDON BU	ILLION MARK	ĒT		
	Close	Previou	s High/Lo	₩	Gold (tine az)			uivale	1111
Feb Mar	95.60 84.50	98 00 84.00			Close	456-456'2 455-455%	258-	258'5 4-259	
ADT	148.50	150 50	150.00	148.00	Opening Morning lix	455.15	258.	579	
May Nov	165.40 97.00	167.50 56.00	166.60 97.00	165.00 96.50	Afternoon fix Day's high	455 90 458-458\ ₂	258.	563	
Fab	103.00	102.50	103 00		Day's low	45414-45414			
			100 tonnés.		·				
OYABE	AN MEAL				Cohs	\$ pace		uivale	int
	Cicse	Previou			US Eagle Mapleleaf	469-474 469-474	265- 265-		
Ap : Jun	128.00 122.60	129.00 123.00	128.50	128.00	Schannia .	469-474 455-458	265-	268	
A:ua	121.50	122 00	***		Krugerrand 1/2 Krug	238-247		-139	1/2
Dec Dec	122.50 125.00	123 00 125 50	123.00		1/4 Krug	118-125 468-473	6 0 %	-714 5-267	
Feb	127 00	127.90			1/10 Angel	47-52	261/2	291	-
			00 tonnes.		New Sov. Old Sov.	107'4-108'4 107'4-1084		-61'4 -61'5	
REIGHT	FUTURE				Noble Plat	472-477'z	258-	-61 '5 271	
	Close	Previou	3.1						
Apr Ily	1525 Q 1390.0	1505 0 1367 0	1539.5 1403.0	1505 Q 1370 Q					
Dez BFI	1423.5	1405.0	1435.0	1405.0	Silver fix	p/line oz		ts eq	nja
ori.	1400.2	1399,5			Spot 3 months	375.85 384.20	661.5 872.7		
Limover	546 (248	n			6 months	392.90 412.30	684.4 711.2	Ø	
JUTE		==			I Z TIPOTUTS	412.00	7112		
Februar	y/March o	and f D	undee BTC : VD \$485; c a \$615, BWD	\$550.	LONDON MET	AL EXCHANGE	TRADE	רקם כ	TONS
Antwerp	BTC \$52	5, BWC	\$515. BWD	\$460.	Aluminium (99		Catts		uts
BTD \$47	70.			- 1	Strike price \$ 1		Aar May		
Liverpor	ol - Spot a	ond ships	ment sales fo	or the	1850	1	33 115	35	120
tonnes a	aganst 84	ij konna:	mounted to	OUS .	1950 2059	7	5 76	78 138	179 250
week. Fa	air trading	persiste	ed with deal of American	uðz Au	Atuminium (99		Calls		uts
growths		اللخ السهادم		1	1750		89 185	7	86
				J	1850 1950		08 115	26 69	135 198
)	Copper (Grade		2 78 Calls		
				į	1850			_	208
				1	2000	2	03 243	52 104	206 287

حكذا من الاحلّ

Mari 3 1988

CURRENCIES, MONEY AND CAPITAL MARKETS

hit technical resistance shove DM1.69, and therefore traders

decided to try to sell it. Apart

terms of the Bundesbank's securities repurchase agree-

ment tender were as expected,

with no change in the fixed rate

1987/88 is 159.45 to 121.35. January average 127.77. Exchange rate index 240.4 against 214.8 six months ago. The yen traded in a narrow

range against the dollar in Tokyo, supported by institutional demand shead of the US Treasury suctions. On the other hand the US currency appeared to be technically overbought on Monday, and this prevented any marked upward movement. At the same time exporters.

absorbed the implications of from the funding programme, Monday's surprise move by the Bank of England to push up UK factors in the market. The

FOREIGN EXCHANGES

Dollar finishes at day's low

bank base rates.
An underlying rise of \$38m in
UK official reserves in January

was in line with expectations. It compared with an increase of \$3.74bn in December, and indicated that Bank of England support for the dollar was much lower last month. It was

THE DOLLAR closed around its lar, and showed small mixed lowest levels of the day in changes against other major Europe. Trading was quiet but currencies, as the market nervous as US economic news provided further evidence of a slowdown in economic growth,

and major US banks cut their prime lending rates by 4 p.c. to 8% p.c.
There was also sign of doubt about the level of foreign demand at this week's US Treasury refunding auctions.

Mr Rupert Thompson, US economist at Morgan Grenfell, economist at Morgan Grentell, said it is a spurious argument that the US is moving into recession because leading indicators have fallen for three consecutive months, but this has been suggested, after a decline of 0.2 p.c. in December; and 0.1 p.c. in October.

Mr Thompson added that leading indicators are a notoriously misleading guide to the state of the economy, but coupled with a fall of 6.2 p.c. in December US new home sales, pointed to a slowdown in growth.

much lower last month. It was also noted that the authorities did not need to sell the pound to keep it under DM3.00 in January.

The pound gained 1.15 cents to \$1.7695-1.7705. It also improved to FFr10.0275, but was unchanged at DM2.9750, and fell to SFr2.4275 from SFr2.43, and to SFr2.4276 from Y227.50.

D-MARK - Trading range against the dollar in 1987/88 is 1.9305 to 1.5740. January rate index 149.4 against 146.2 six months ago.

pointed to a slowdown in growth.

The dollar fell to DM1.6815 from DM1.6915; to FFr5.6750 from FFr5.7025; to SFr1.3720 from SFr1.3815; and to Y128.15 from Y129.35.

On Bank of England figures the dollar's index fell to 94.6 from 95 l

from 95.1.
STERLING - Trading range against the dollar in 1987/88 is 1.8785 to 1.4710. January average 1.8001. Exchange rate index rose 0.2 to 74.4, compared with 72.8 six months ago. Sterling rose against the dol-

E IN NEW YORK

Feb.2	Latest	Previous Clase							
f. Spet 1 month 3 months 12 questies	1.7680-1.7690 0.32-0.28pm 0.93-0.88pm 3.55-3.45pm	1.757 0.30 0.93 3.35	0-1,758 -0,28pm -0,90pm -3,45pm	0					
Forward pressi dollar	uns and discounts	spph	to the	US					
A==#1.11	VA NIBEV								

STERLING INDEX

11.00 am Neces 1.00 pm 2.00 pm 3.00 pm		74.2 74.2 74.2 74.2 74.2 74.3 74.4	74.1 74.0 74.3 74.2 74.3 74.2							
CURRENCY RATES										
Feb.2	Bank rate %	Special Orawlog Rights	Enropean Currency Unit							
Sterling	8.75 3	0.772563 1.39971 	0,694814 1,22253 1,55994 1,4,5297							

8.78985 2.29682 2.58005 7.73363 8.71166 195.620 8.73644 1.87436 183.350 7.90180 2.06570 2.31986 6.96717 1520.52 157.364 7.838.57 7.40851 1.68647 164.735 8.77650

74.4 94.6 79.1 140.5 100.7 93.8 149.4 179.2 138.1 72.0 47.1 240.4

OTHER CURRENCIES

ket including repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills drain-ing £168m. These were more

tion of \$45m. The foretast was revised to a surplus of around \$200m and there was no intervention by the Bank during the morning. In the afternoon the Bank took,out

Bundesbank's decision to offer

FINANCIAL FUTURES

Gilt prices recover

struggled to find a solid base as day. Part of the rise was attrib-Monday's surprise increase in UK base rates was followed by a quarter point reduction in US prime rates.
Three-month sterling deposits

finished with small gains, hav-ing spent most of the day fluctuating in 12 tick range, trying to establish a trend. Softer cash rates settled the issue at the of 3.25 p.c.

The dollar closed at DM1.6860, compared with DM1.6930 on Monday. The close, with the March price closing at 90.80, up from 90.72 at the start and Monday's close. Bundesbank did not intervene earlier in the day when the dol-lar was fixed at DM1.6892. JAPANESE YEN - Trading range against the dollar in Gilt prices were marked down

initially, touching a low of 119-12 for March delivery

Japan. March US Treasury bonds

index had declined for three straight months since 1984. At the same time construction of

93-23 92-24 91-30 91-04 90-12

utable to a turn round in US

bond prices, following a cut in

prime rates. Sentiment

remained reasonably bullish in

this sector as traders awaited the results of yesterday's

Much of the demand was expected to centre on domestic

institutions while today's 10-

Although not a key pointer in

year offering and tomorrow's 30-year were expected to show recessions, a turn down in eco-One of the leading Marketmakers a much more active overseas nomic activity has been preceded by a sharp decline in housing starts. This could pos-sibly provide food for thought. participation, especially from LIMBON SE C/\$ OPTH C12,500 (comb per C1)

LIFFE US TREASURY BONG FUTURES OPTION

DEUTSCHE MARK (1MN DK125,080 \$ per DM

CHICAGO

SWISS FRANC (IMM) SF: 125,000 \$ per SF:

MAK

MONEY

MAKIN

SERVICES

REASURY

ORWARD:

90.68 90.51 90.40 90.27

rd Yokune 1059(1624) - mais name int. 8265(8172)

High 94-14

1-mile 3-mile 6-mile 12-mile 17671 17608 1.7517 1.7355

13-19

LONDON

EMS EUROPEAN CURRENCY UNIT RATES

POUND SPOT- FORWARD AGAINST THE POUND

six months ago.

The D-Mark improved against the dollar as the US currency ran into selling ahead of the Treasury anction programme. It was suggested the dollar also with Y129.00 on Monday.

201 4.86 2.06 5.52 -1.39

JOLLAR SPOT- FORWARD AGAINST THE DOLLAR **%** 207 1.42 -1.77 0.62 -2.07 -3.54 -2.16 -2.51 -2.5 193 118 1272 -0.51 -1.95 -5.51 -0.79 -2.48 2.002 5.18

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES Fft. Sft. HFL Lina \$ 2498 1372 3.345 1.890 2191 1238 224.E 128.1 0.806 10.71 1.124 736.5 14.75 9660 1378 4431 2.244 0.929 3328 1378 2180 902.4 655.0 1000, 18.59 28.39 1108 1 1527 67.80 103.5 湖

Low 1.7540 1.7450 FT LONDON INTERBANK FIXING

6 months US Dollar

CURRENCY FUTURES

OUND-S (FOREIGN EXCRANGE)

MONEY RATES NEW YORK

LONDON MONEY RATES

E1 715730 858 858 7.60-7.55

opened at 94-02 and touched a low of 93-19 before recovering to a high at the close of 94-14, compared with 94-19 on Mon-

US leading economic indica-tors showed a 0.2 p.c. decline in December after a revised decline in November of 1.2 p.c. This was the first time that the single family homes fell by 6.2 p.c in December after a revised 2.4 p.c. decline in November.

its own right, one analyst suggested that of the last two

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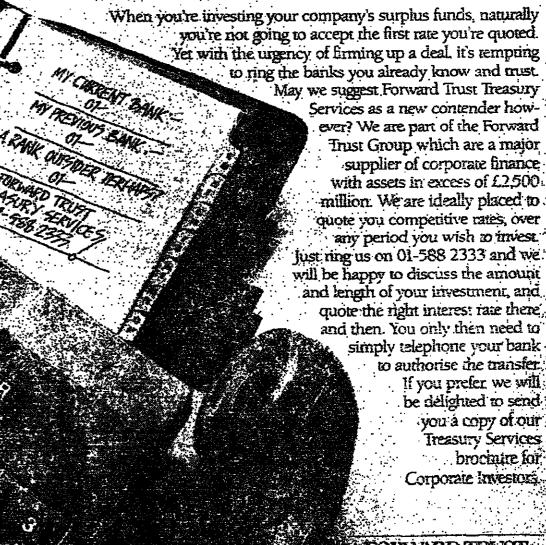
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MONEY MARKETS

UK rates relaxed after rate rise

more settled feel after Mon-day's surprise increase in base Traders were now a lot more wary of comments by the authorities but at the same time, saw only a small chance of another rise in the short

term, unless UK equities con-The relatively relaxed attitude adopted by most traders

UK clearing bank base lending rate 9 per cent from February 2 stommed from a realisation that the authorities had been want-ing to increase base rates from what they considered an uncomfortably low level, buthad been anxious not to create any strain within the equity market, after last October's

Three-month interbank Three-month interbank money was quoted at 9%-8% p.c. compared with 9%-9% p.c. while the one year rate receded to 9%-9% p.c. from 9%-9% p.c. Overnight interbank money opened at 8%-8% p.c. and touched a law of 7 p.c. hadan touched a low of 7 p.c. before

in London yesterday. Part of the decline was in reaction to a small reduction in US prime rates but also a reflection of a surplus of around \$300m, with factors affecting the martial including repayment of late than offset by Exchequer trans-actions which added \$350m and a fall in the note circula-

most of the surplus by selling £205m of Treasury bills at 8%-8% p.c., maturing on Feb-

In Frankfurt interest rates were little affected by the Bundesbank's decision to offer a fresh sale and repurchase facility at an unchanged and fixed rate of 3.25 p.c. There had been some hopes of a cut in the rate, given the fall in rates elsewhere. However dealers saw any desire for a reduction as being premature. Interest will focus on the amount allocated, in relation to a maturing facility which will drain DM4.8hn today.

459 750 ---315-325 71-71 31-71 3-5125 9-111 420 8-8-8 One Mosth e E

Stary Bills, (sell): ene-month 88 per cent; three months 82 per cent; Bank 8:0;
; three months 89 per cent; Treatmy Bills; Assempt tender rate of decases, 8:20;
rling Export Plantans. Make up day Intenty 29; 1988, Asymed rates for period Fills. Schemes 1: 10.11 p.c., Schemes 14: 48; 10.22 p.c., Reference rate for period Fills, Schemes Riv. 8,973 p.c. Local Autority and Finance Houses have days of Fills Rose Roses, Super Centre (as Part Section 1); 1989, Schemes Roses, Super Centre (as Part Section 1); 1989; 198

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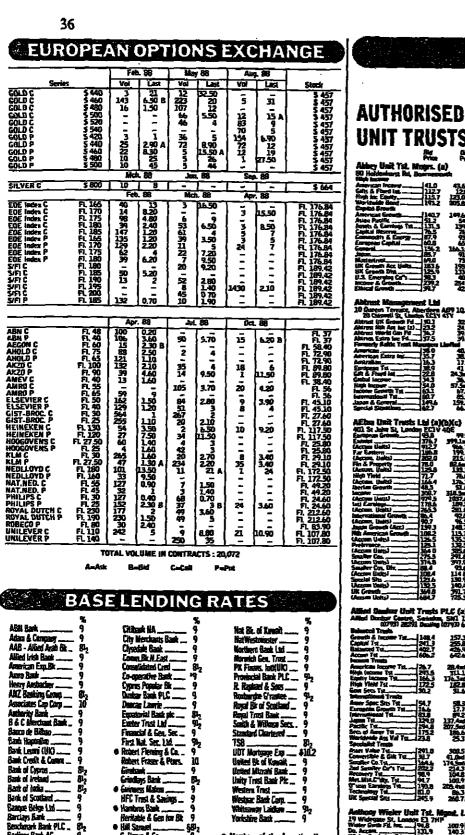
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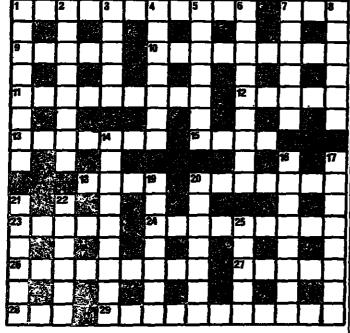


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 1 To solve it, one solicitor follows a nautical measure (6,2,3)

 7 Mother, a pantomime character (not English) (3)

 9 Set involving waves? (5)

 10 Stunned with fear six in for PE? Made glassy (9)

 11 Such a run for three figures (9)

- DOWN 1 Often steering the tractor?
- 2 Sit up eats inside signifies order (8)
 3 Party turning up for trip heading off for atmosphere (6)

- 4 Gate-crasher ruins van ride
 (7)
 5 Something projecting can be (7)
 5 Something projecting can be fired better? (7)
 6 Card sharp? (9)
 7 Deliver non-English silly non-
- sense (6)
 8 Sounds a gong to interfere
- 10 Stunned with fear six in for PE? Made glassy (9)

 11 Such a run for three figures (9)

 12 Student after a bender to show humility (5)

 13 Set out with rain? That's not so nice (7)

 15 Bet others back partly here! (4)

 18 First part of doctor's implement. Don't change it! (4)

 20 Score and go wild. Character needing reform? (7)

 23 Your setter's back in the motif (5)

 24 Direct current (9)

 25 Re Taw? It's an isolated place (9)

 27 Lady Heath (6)

 28 Lady coming up to the special event (3)

 29 Traditional Mayday demonstration comrades in Russia's capital suitably moved (6,5)

 DOWN

 8 Sounds a gong to interfere (6)

 14 Active in social life. Result of pools success? (2,3,4)

 16 Seasonal change experienced by crops (3)

 17 Never eat crudely hold in regard (8)

 18 Lady to sak uppish rogue (7)

 20 Drink 'as turned up (first class) for aristocrat (7)

 21 Balanced number of horses (6)

 22 Loose delivery (6)

 23 Loose delivery (6)

 24 Direct current (9)

 25 Padre address includes fear (5)

 26 Petra ADD STERLING (5)

 27 Lagy Heath (5)

 28 Lady coming up to the special event (3)

 29 Traditional Mayday demonstration comrades in Russia's capital suitably moved (6)

 16 Result of pools success? (2,3,4)

 17 Never eat crudely hold in regard (8)

 19 Wits used to soak uppish rogue (7)

 21 Balanced number of horses (6)

 22 Loose delivery (6)

 23 Loose delivery (6)

 24 Direct current (9)

 25 Padre address includes fear (5)

 26 PETIARD STERLING (5)

 27 Life B S H AB E S N SA (5)

 28 Lady coming up to the special event (3)

 29 Traditional Mayday demonstration comrades in Russia's capital suitably moved (6) Class) for aristocrat (1)
 21 Balanced number of horses (6)
 22 Loose delivery (6)
 25 Padre address includes fear (5)
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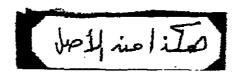
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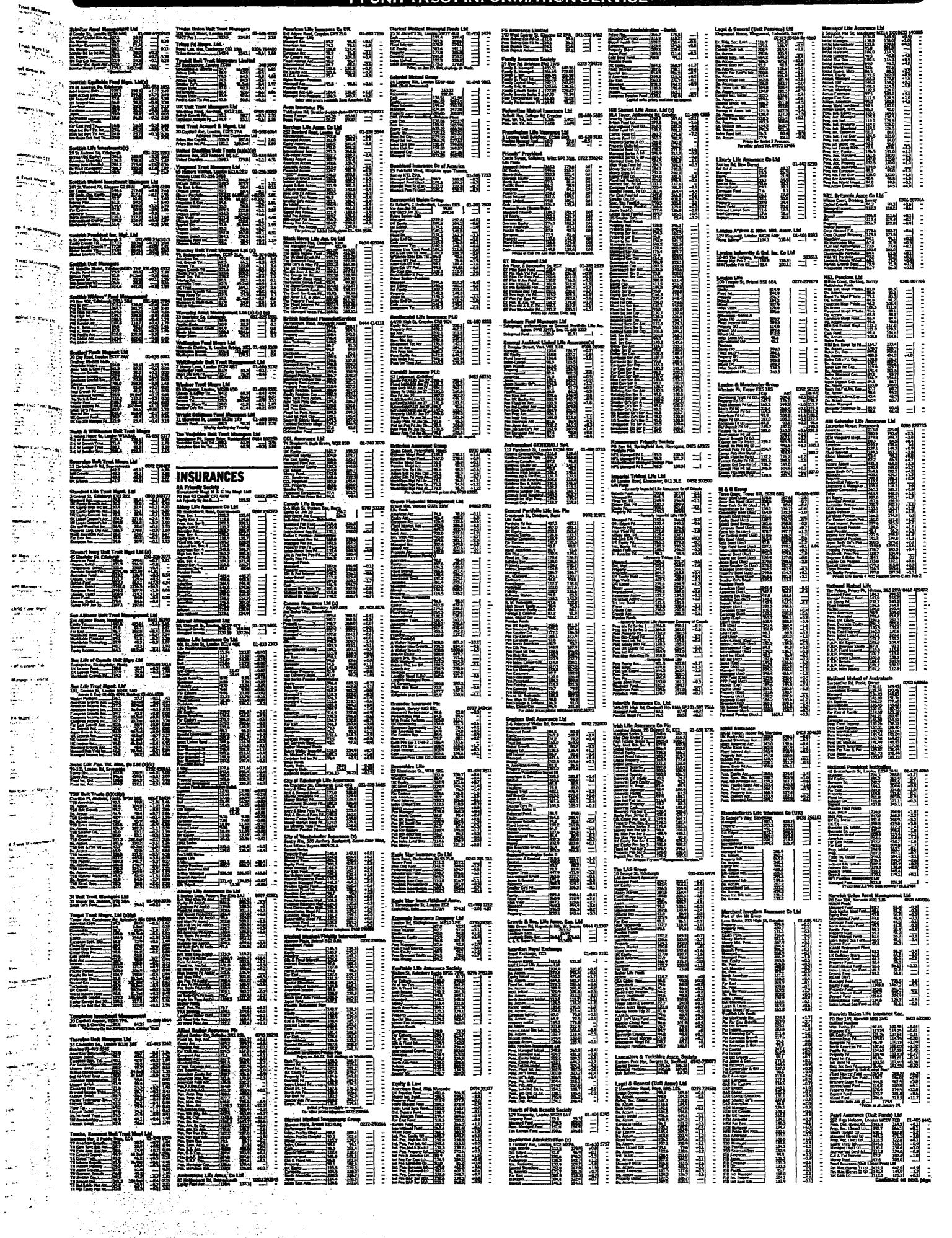
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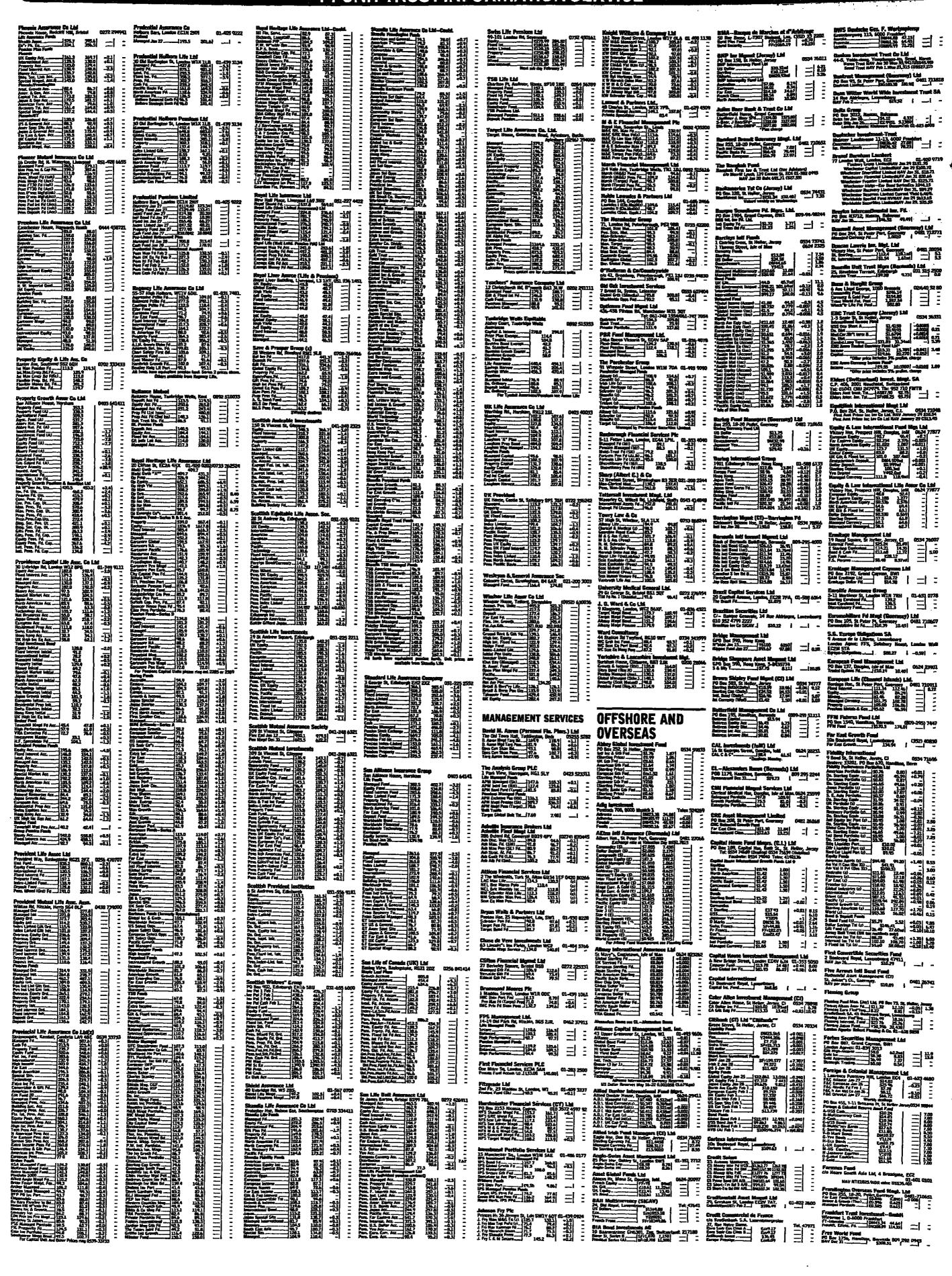
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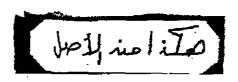


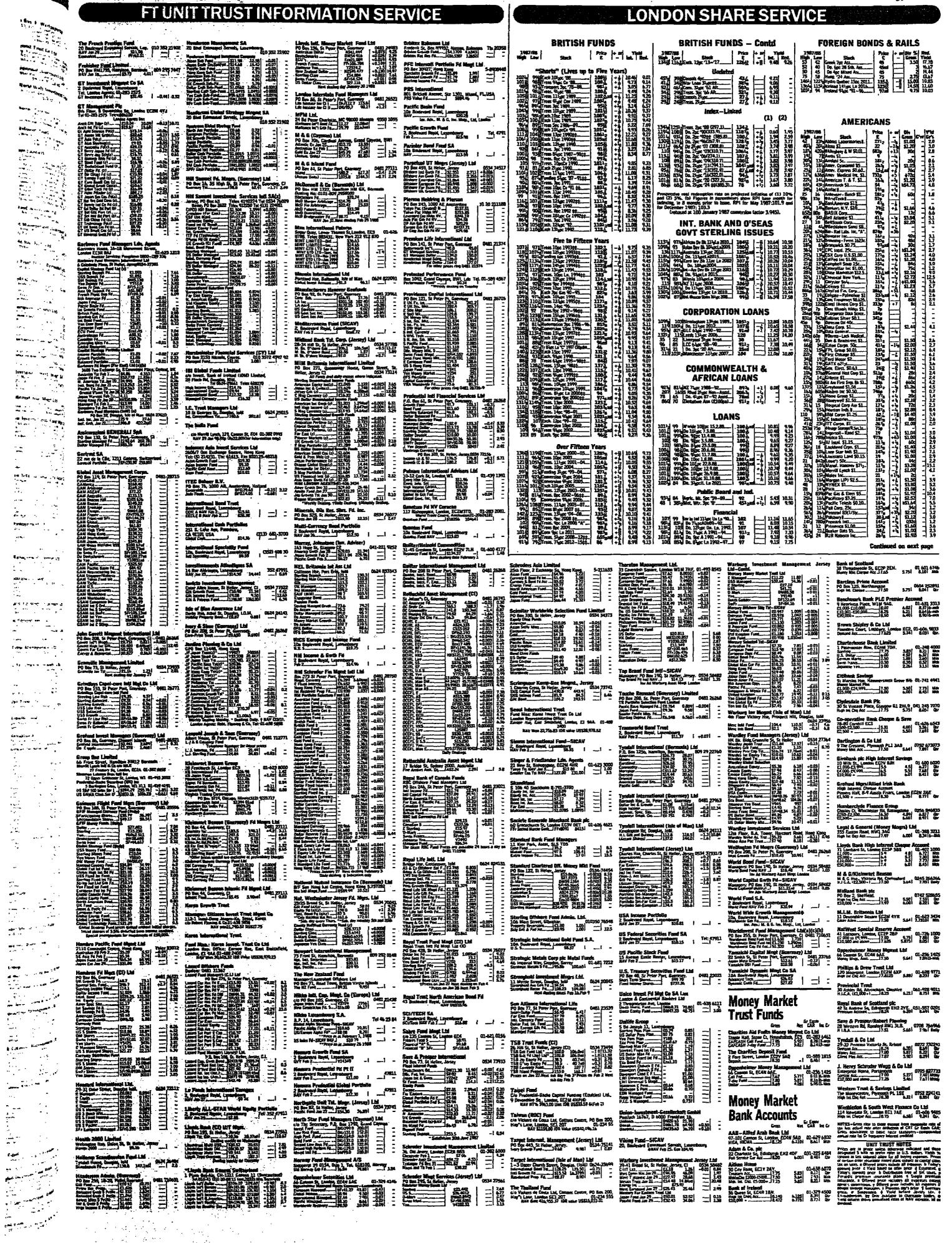
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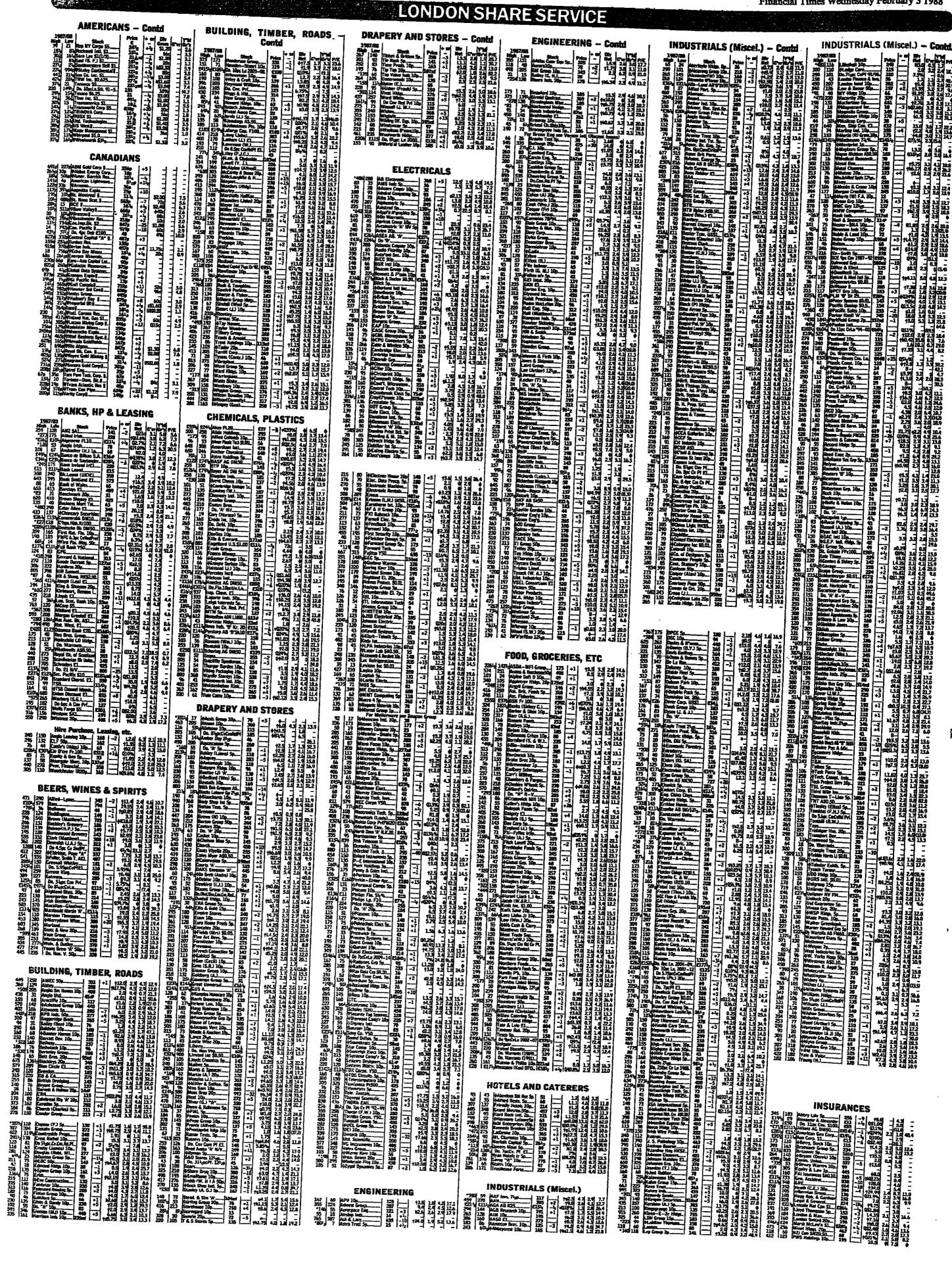
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CONTRASTING TRENDS in foreign and domestic interest rates helped yesterday to subdue a UK stock market still winded lik stock market still winded by the announcement of higher loan charges by British banks. The moves to lower prime rates across the Atlantic, although not unexpected, sent British Government bonds higher. But equities abandoned a mid-morning rally to drift down in thin trading against the backcloth of a firmer pound and a lower start on Wall Street.

The share market had an ratic session but was again very lightly traded. Leading stocks opened lower but then rallied, encouraged both by slightly lower rates in the Lon-don money markets and by a calm trend in the pound.

There was little buying power behind the improvement, however, and gains faded ahead of Wall Street's opening. When New York opened on the downtack despite quarter point cuts in bank prime rates, led by J.P. Morgan, the UK market gave up

The FT-SE 100 Index closed 2.5 points down at 1774.2, on a Seaq shares total of only 353.2m, which indicated a return to the trading doldrums of recent weeks. At mid-morning, the FT-SE reached 1784.5, but few traders expect to see the 1800 mark challenged again this week. Amanda Sells, chartist at Chase Manhattan, commented that there was "some support" at last night's closing

Some institutional buying was seen, and market analysts were more sharply divided than usual into "real bulls" and "real bears". The Bank's move to impose higher base rates just as the FT-SE index topped 1800 on Monday is regarded as fortu-itous, and related to recent wage trends rather than to the stock market. Many analysts market advanced in good turnover last Thursday, despite unimpressive UK trade figures

However, with turnover at such a low ebb, and speculation in oil stocks reduced as BP apparently moves to complete its acquisition of Britoil, there was little substance to the market. Bank shares responded to a warning against excessive debt provisions. Higher interest rates proved no cause for

worry among building shares.
Government bonds closed firmly, with the longer dates up ahead to close 13 higher at by around 'a led by the futures 222p after the 225p a share markets. UK bonds, torn cash counter offer for the

EQUITY GROUPS

& SUB-SECTIONS

Figures in parentheses show no stocks per section

Mechanical Engineering (57)... Metals and Metal Forming (7).

Other Industrial Materials (24), CONSUMER GROUP (184).....

Food Manufacturing (23)
Food Retailing (16)
Health and Household Products (10)
Leisure (31)

Brewers and Distillers (21).

Motors (13)...

Agencies (19).

51] Oil & Gas (15).....

Chemicals (20) _____ Conglomerates (13) ___

Shipping and Transport (11). Telephone Networks (2)......

49 | INDUSTRIAL GROUP (485).

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Insurance (Composite) (7) Insurance (Brokers) (8)

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136.43 +0.42 115.94

86.51 -0.50 86.95

+0.46 | 115.31

115.84

9 Debentures & Loses _ 117.97 -0.94 119.08

Merchant Banks (11) Property (52)

Other Financial (30).

Overseas Traders (8)

British G 1 | 5 years ...

2 | 5-15 years.

5 Alí stocks..

8 Ali stacks...

3 Over 15 years

Investment Trusts (86) . Mining Finance (2)......

their cue from the US bond With the US long-dated bond firm in Tokyo and in London in anticipation of prime rate cuts, dull start. Dealers reported some very modest retail sup-port at the initially lower levels, but the main impetus to York bond market opened

York bond market opened sharply better.

At the close, long-dated issues looked firm, with the 13½ per cent Treasury '04-08 % higher at 193 %. This sector expects to remain free -temporarily - from the issue of a new tap. Shorter dates were also better. Index-linked stocks were drawn higher by the conventional sec-tor, and the Index-linked 2% per cent '13 closed % up at 87%.

However, if most traders and analysts took their cue from the lower rates in the US, and in

Lehman Securities in London, hardened his stance on UK hardened his stance on UK rates in the wake of the Bank's move. Pointing out that UK base rates are "still below the average for the past three years," despite growth in the economy, money supply and credit, he warns that, "there will have to be some further increase in hase rates" if these increase in base rates" if these conditions continue.

ingly strong in a generally firm clearing banks sector after advice from Mr. Robin Leigh -Pemberton, Governor of the Bank of England, for the UK banks not to go too far in mak-ing provisions against third world debts. The Governor's statement was interpreted by dealers and analysts as being bullish for the sector as a whole ahead of the preliminary results season which kicks off on February 23 with figures from NatWest.

Lloyds, regarded as having the widest exposure to LDC debts, moved up to 263p before settling a net 11 higher at 259p on a turnover of 5.6m shares. Lloyds were also boosted by switching deals and continuing talk of a possible stake-build-ing exercise and/or cash injection into the company. Bar-clays added 4 at 489p and NatWest a like amount to 602p. But Standard Chartered, which has substantial LDC debts, failed to progress and closed 5 off at 520p. closed 5 off at 530p.

Wigfalls, the Sheffield-based electrical goods retailer, surged

FT - ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Tuesday February 2 1988

741.92 +0.2 9.72
989.04 +0.4 9.92
1479.27 -0.1 9.07
2056.04 -0.6 9.07
1486.88 10.87
390.00 +0.5 9.58
444.78 +1.1 9.68
277.95 +0.1 10.91
1242.64 +0.5 8.39
1044.63 +0.1 8.49
987.66 -0.2 11.22
855.41 -0.3 8.94
2080.33 +0.5 7.67
1211.05 +0.2 7.60
590.63 8.54
3503.21 +0.3 6.50
842.10 +0.9 9.06
582.67 +0.5 11.25
673.23 -0.1 10.54
1190.75 +0.1 6.63
1190.75 +0.1 6.63
1190.75 +0.1 6.63
1190.75 +0.1 10.35
1856.64 -0.8 9.76
1177.97 -1.2 10.35
1856.65 -0.1 9.00
937.85 +0.7 11.48
1172.79 +0.1 12.87
929.70 +0.1 9.37

1764.45 -1.0 9.42

1006.46 -0.1 9.38

-0.2 +0.3

-0.1 -

xd adi. 1988 to date

1.31

0.58

0.36 0.33

0.63

0.33

661.91 677.24 985.10 512.05 902.86

348.75 1022.56

389.37

Mon Feb 1

xd adj. . today

0.21

0.03

-0.2 -+1.0 19.55 -2.5 --1.1 -+0.8 12.34 -0.6 -+0.1 5.18 -0.5 9.75

5.18 9.75

10.80 10.09

Day's High

Griss Div. Vield% (Act at (27%)

Est. P/E Ratio (Net)

3.92 12.90
3.81 12.54
3.36 14.63
4.71 14.28
3.55 12.00
4.28 13.18
3.77 12.46
4.18 10.67
4.18 14.16
3.51 15.01
3.99 11.25
3.77 14.47
3.05 17.56
2.49 18.32
3.65 14.80
4.02 18.25
4.24 11.83
2.21 19.32
4.47 12.58
4.58 11.24
4.42 14.55
4.51 11.60
4.04 9.26
3.81 13.46
5.58 13.09

4.08 13.48

_ 24.64

12.94

10.43 11.73

Feb 1

AVERAGE GROSS REDEMPTION YIELDS

Jan 29

5 years. 15 years. 25 years. 5 years. 15 years. 5 years. 15 years. 25 years. 25 years.

5yr: Over:5 yr: 5 yr: Over 5 yr:

Jan 28

8.84 9.23 9.15 9.42 9.44 9.31 9.50 9.58 9.19

2.34 3.91 1.41 3.74

10.83 10.82 10.82

10.76 11.03 10.69 10.99 10.69 10.95

10.52 10.46 11.35

4.76 5.80 4.67 5.38 6.37 4.09 3.00 4.35

3.01 4.06 5.24

4.16

Index-Listed
Inflation rate 5%
Inflation rate 5%

Day's Low

ad adļ. 1988 to date

jadex No.

Bonds higher on US prime rate cuts but

equities dip in thin trade

FINANCIAL TIMES STOCK INDICES											
	Feb.	Feb.	Jan.	Jan.	J.en.	Year	1987/88		Since Co	mplation	
	2	<u> </u>	29	28	27	Age	High	Low	High	LOW	
Covernment Secs	89,35	89.17	89,72	89.72	89.21	85.31	93.32 (8/5/87)	83.73 (19/10/87)	127.4 (9/1/35)	49.18	
Fixed Interest	95,69	95.38	95,36	95.38	95.21	92.29	99.12	90.23	105.4	50.53	
Ordinary 🕈	1420.1	1423.1	1435.7	1430.0	1415.6	1458.5	(15/6/87) 1926.2	(2/1/67) 1232.0	(28/11/47) 1926.2	(3/1/75) 49.4	
Gold Mines	257.3	252.8	261.5	267.0	268.2	309.7	(4/8/87) 497.5 (4/8/87)	(9/11/87) 261.6 (6/11/87)	(16/7/87) 734,7 (15/2/83)	(26/6/40) 43.5 (26/10/71)	
A 4 B 1 M 14				l :		l					
Ord Div.Yleld	4.39	4.38	4.34	4.37	4.41	3.57	S.E ACTIVITY				
Earnings Yid, %(fell)	11.09	11.06	10,98	11.04	11,14	9.10	[<u> </u>	ndices	Feb.1	Jan 29	
P/E Ratio (net)(") ,	11.02	11.06	11.14	11.07	10.98	13,47	Gitt Edged (Bargains	199.2	177.9	
SEAQ Bargaus (5pm)	24,230	27,907	26,287	26,073	22,053	38,730		ains		175.9	
Equity Turnover (£m)		966.26	1140.28	1428.57	871.21	1484.45		? 9?		2304.8	
Equity Sargains	_ '	38,935	27,152	25,463	22.518	50,710	Gilk Edged E	Bargains	179.9	1683	
Shares Traded (ml)	_ !	381.5	437.7	565.3			Equity Barg	ains	181-6	162.8	
Care a 1100cm and "	- 1	ريبد	73/./	-2002	349,4	497,6	Equity Value	•	2186.2	2089.5	
					<u> </u>	ـــــا	L				
♥ Opening 10 a 1420.0 142		11 a.m. 1426.6	· I	p.m. 27.1	1 p.n 1425		2 p.m. 1425,1	3 p.m. 1422.		p.m. 20.6	
	_	Day's	High 1	427.0	Day's	iow 14]	19.2				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Miles 12/9/55, S E Activity 1974, * Mil::10.92 LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0898 123001

\$16m. A share exchange offer vousness about the continuing for Wigfalls by Bennett and low level of activity in stock Fountain, valuing the former at markets. Kleinwort Benson,

Dixons edged up 4 to 198p on turnover of over 4m shares Lloyds Bank were outstandwith dealers apparently happy with the terms of the bid. increased offer for its holding in Martell, the French cognac group, closed 3 dearer at 457 p. The company put 700 of its

tenanted pubs up for sale by tender in an operation expected to raise between £120m and £150m. The pubs are being offered in three main areas, London and East Anglia, the Midlands and the South, Major regional brewers such as Wolverhampton and Dudley are lik-ley to be interested in the Midland sites, while Buckleys, the Welsh brewery which is seeking to expand both its brewery and

leisure interests, may be keen on pubs for sale in the South. Marketmakers reported a heavy demand for Avis Europe which moved ahead strongly to close 13 higher at 304p.

Inevitably the advance gave rise to a revival of British Airways takeover talk but Avis Sedgwick where bid specula-are believed to be a current tion triggered support which favourite with a number of boosted the shares to 223p investment houses. before a close of 218p - a net

Merchant bank issues came gain of 6. under persistent, albeit generbetween domestic and interna- group from high street major ally modest, selling pressure tional factors, decided to take Dixons, valuing Wigfalls at with dealers citing growing ner-

Fri Jan 29

index No.

around £14.6m, was made last scheduled to announce preliminary results in March, settled 8 off at 334p and Morgan Gren-fell, with interims due in

March, eased 4 to 280p. Union Discount put on Grand Metropolitan, the UK more to 833p ahead of the full-hotels and leisure group, which has formally announced that it intends to accept Seagram's by news that building societies Life assurances were upset by news that building societies

are to be allowed to broaden the scope of their interests in financial services, including offering motor and life insurance to customers, Legal and General were particularly affected and dipped 13% to 274p, while Abbey Life lost 9 to 256p and Pearl 5 to 443p. Recent bid favourite London and Manchester retreated 7 to 298p.

Composite insurances pro-

vided a feature in Guardian Royal Exchange which fell sharply to close 18 off at 864p after a switch recommendation into Royals; the latter were only a shade off at 412p, despite the market's belief that the group faces total claims of between \$100m and \$125m from last October's hurricane in Southern England. Brokers included a lone firm spot in

Window ventilation specialists Titou staged a highly successful debut in the Unlisted AMERICANS (1) Image Storage

35 22

140 115 90

21 15 81, 25 20

68 47 30

133 108 85

42 32

80 55 27 85 60 37

21 16 10 27 21 -

125 98 75 18 40 72

175 135 110

32 20 12

58 50 39

76 58 -

142 103

70 53 42

28 18

22 121, 33 23 15 40 30 -

80 52 27

115 85 60

43 27 14 55 37 25 58 43 30

23 11 4

43 31 14 55 44 30

50 27 12

92 65 45

75 48 27

32 15 6

70 40 15

16 10 5

280 300 330

1000 1050 1100

300 330 360 50 28 15

420 460 500

Securities Market: the shares placed at 80p via brokers Capel Cure Myers, opened at 90p and settled at 87p.

The majority of Brewery

shares were inclined a shade easier after a slow trading session. Elsewhere, Merrydown rose 20 to 380p on buying in an extremely thin market. Matthew Clark, still reflecting hopes that it will keep its UK cognac distribution contract with Martell, advanced 10 further to 388p for a two-day gain of 28.

of 28.

Business in the Building sector was very much of a routine included numerous actively nature.

BPB Industries traded issues but price moveattracted support and rose 10 to 278p as BZW, the London securities house, recommended clients to switch into the stock at the expense of Redland; the latter shed 7 to 418p. BZW were also reportedly keen buy-ers of Meyer International over favourite, gain 15 to 250p.

Persistent buying, mainly from liners and dropped 22 to 150p one source, helped Tarmac as the interim profits—added a couple of pence to although up from \$5.5m to Rine Circle closed \$6.35m failed to match the marginally lower at 433p and Rugby gave up 3 at 235p. Else-

LONDON TRADED OPTIONS

PUTS

35 58 85

85 220 75 100 145

23 40 62

20 28 45

18 28 45

14 26

15 25 40

14 20 33

30 45 45

117

11 20 31

30 48

80 130

17 23

Assirat (*139)

Bardays (*490)

Beats (*247)

Blue Circle (*432)

Hameon (*132.)

(*255)

Thora EMI (*569.)

Apr. Jul. Oct

35 55

13 27 48

40 70 90

12 26 46

11 27

9 20 40

14 30 58

45 72 102 64 88 115

18 42

10 20 35

8 13 30

NEW HIGHS AND LOWS FOR 1987/88 NEW HIGHS (5).
AMERICANS (1) Premark Int., CANADIANS
(2) Danbus Res., Tam Pure Tech., BUILD-INGS (1) Globs & Dandy, SHIPPING (1) Fisher(J).

CANADIANS (1) Granges Expin., ELECTR CALS (3) ITL inf. Tech., Norsk Data 'A

where. BTP added a penny to 143p following disposal news, but Howard Holdings dipped 6 to 63p, the interim figures deemed, slightly dispures to 63p, the interim figures deemed slightly disappointing. Ibstock Johnsen attracted another liveley business and closed 3 dearer at 178p, while Fairbriar moved up 7 to 237p in a restricted market.

ICl settled % off at \$10% reflecting Wall Street influences, while Laporte drifted off to close 6 cheaper at 396p. Wentworth International, polythene bag manufacturers

polythene bag manufacturers gained 7 to 55p on the announcement that Falcon Reinsurance, a subsidiary of Intercapital Group SA, had acquired a 20.47 per cent stake in company.

The major retailers put up a

good performance according to dealers who said there was a reasonably healthy underlying demand for the stores issues. But the main feature in the sector was Sears which dropped 4½ to 125p on a turnover of 9.3m shares as the market got wind of a profits downgrading by Warburg Securities, one of the leading UK securities. houses. There were also sugges-tions in the market that Citi-corp Scrimgour Vickers is about to lower its profits forecast for Storehouse although the lat-ter's shares managed a 4 gain at 260p. Lagra Ashley, where UBS Phillips and Drew have cut profits estimates for this year from £25m to £22.5m, dipped 4 to 118p. GUS "A," shares which go "ex-dividend next Monday -were persistently bought throughout the session and settled k up at £11.

ments in the leaders were generally on a modest scale. GEC, where 7.8m shares changed hands, were a fraction off at 156%p. Amstrad moved up 4 to 139p amid good general buying interest which saw 2.3m shares traded. British Telecom, still which rose 7 to 362p, while a helped by switching out of turnover of around 6m shares Cable and Wireless, edged up saw Magnet, the current take-over favourite, gain 15 to 238p. Unitech were a notable weak spot in the second

Engineers closed with several

CALS (3) ITL int. Tech... Norsk Data A., Process Systems, INDUSTRIALS (1) Magna-card, LEISURE (1) Prism Leisure, PAPERS (1) Moss Truss, PROPERTY (2) Marin Int., Props... Sheld, Do 5.84pc.Pf., TEXTSLES (1) CoraMore, Miness (8) Cons. Mod'sein, Kin-

| May | Aug. Feb: | May | Aug. | | 40 | 58 | 12 | 30 | 48 | | 28 | 45 | 20 | 47 | 62 | | 20 | - | 55 | 68 | -

22 32 58

6 19 35

15 25 40

10 20 38

11 21 35 4 12 29

30 35 60

13 21 28

8 12 18 13 17 22

15 30 50

20 35 58

35 57

10 15

19 30 42

25 42 -

貓

87 110

10 18 32

36 50

38 28 20

26 18 11

38 33 27

85 63 47 9 23 47

-35 25

65 47

42 33 25

165 142

37 27 18

70 52

18 36

15 死

38 64 95 68 89 115

101²

15 32 50

4 9 17

12 25 42 20 32 47 25 37

17 30 37 50

48 30

37 27 15

52 52 65 45

29 19 12

57 40

17 12 8 21 16 12

30 16 10

25 14 9 32

15 20 11 15

22

30 10 4 55 35 25

28 17 9

35 15

91₂

22 10 54

23

390 420 448

220 240 250

460 500 550

705 700 160

420 460 500

noteworthy movements. Bullough were outstanding at 475p, up 30, in response to favourable comment on the preliminary figures. Glynwed, a
current Kleinwort Grievson buy
recommendation, were supported and put on 9 to 455p,
while Telfos, regarded as a
possible beneficiary from the
Eurotunnel project, met with a
revival of buying interest and
the oil share market as being at
the oil share market as being at
the oil share market as being at

Eurotunnel project, met with a revival of buying interest and gained 9 to 131p. Birmid Qualcast edged up a couple of pence to 369p as Blue Circle announced that it had increased its helding to 31 per cent the food sector highlighted Cullens Holdings, grocery and wines retailer: the shares bounded ahead 26 to 87p as the company announced a major restructuring and proposed rights issue which involves Mr. Phillip Kaye, a director of Belhaven, and parties associated, taking a major stake in the company

that Beecham could produce better than average growth in the medium term in view of its low rating in the pharmaceuti-cal sector. BOC, scheduled to reveal first quarter figures next Monday, firmed 5 to 393p; analysts forecasts range around

6im pre-tax
English China Clays rose 5 to 388p amid talk that the company may return with a fresh offer for Bryant Holdings.

United Newspapers attracted buyers initially and rose to 447p before drifting back to close unaltered on balance at 442p. In a review of the company, Kleinwort Grievson Securities concludes that the group is one of the most attractive publishing investments available and should be accu-mulated aggressively. Maxwell Communication became a quieter market but occasional support took the share price fur-ther ahead to close 4 better at were arranged in Co

Leading Properties, unsettled on Monday by the base rate increase, traded on a steadier note yesterday with prices marking time in thin trading conditions. Elsewhere, Peachey, currently bidding for Estates Property Investment, attracted good support and rose

its lowest level since well before Christmas. The absence of any significant developments on the takeover front and a scarcity of bid speculation in the sector -recently alive with takeover stories both actual and rumoured- saw share prices drifting easier for the

most part.

BP fully-paid were a shade off at 258p on a turnover of 6.4m shares while the partly-paid were a penny down at 77p after 3m shares moved

pany.

Interest remained at a low through the system.

Traded option business level in the major international stocks. Beecham enjoyed a liveliar trade than enjoyed a liveliar trade that are latively low experiences. lier trade than most (some 2.4m contracts marginally higher on shares changed hands) before the day at 24,513. Calls came settling a couple of pence lower out at 13,763 and puts on the day at 465p. Warburg accounted for 10,750 contracts. Securities, the investment Hanson calls remained active house, are currently suggesting at 2,644, while BT registered 1,376 puts. The FTSE contract attracted 1,421 calls and 1,235

Traditional Options

• First dealings Feb 1 • Last declarations May 5 • For Settlement May 16

For rate indications see end of

Dealers reported a reasonably brisk trade in the Traditional option market. Money was given for the call of Camford, Theme Holdings, Norfolk Cap ital. Polly Peck, GRA. Dee Corporation, Smiths Industries, Hardanger, Amstrad, Securiguard, Lonrho, Charterhall, GKN, Johnson and Firth Brown and ICI. No puts were were arranged in Cable and Wireless and Geo. Wimpey.

TRADING VOLUME IN MAJOR STOCKS



RISES AND FALLS YESTERDAY

Totals	697	848	1,401
Corporations, Dominion and Foreign Boods	20 5 412 123 12 2 53 70	74 23 411 171 36 1 39 93	22 25 735 343 64 10 105

LONDON RECENT ISSUES EQUITIES Amount Latest 1987/88 Paid Remark 1987/88 Roman date High Low

\$120 \$100 \$12 \$130 \$130 \$130 \$130 \$130 \$130 \$130 \$130	F.P. F.P. F.P.	15/1 23/12 RES1	268 125 125 125 121 68 100 41 18 28 121 138 1221 90 73	2 EFM 1231 English 67 Hard 1 100 HHard 1 100 HHard 1 100 HHard 1 100 HHard 1 17 Hard 1 19 HPaus 115 HSpice 1 100 Taka 86 HTrito 59 HTress 18 Verson	on Process 10p Droppor Yst, Wrmis. Droppor Yst, Wrmis. A Catelonour Ige. Nock A (R-Vigi 2p por 10p por 11p por	143 231 74 112 68 98 37 26 118 132 218	+3 -1 -1 -4 -2 -2 -1 -1 -1	11.5 R1. R1. L1.0 2.0 85.25 R4.75 B1 (u2.35 82.1	7.4 2.4 3.9 2.0	28	
Pasur	Amount	<u>. —</u>	1	987/88					Closic	ωT	-
Price	Paid	Regunç	High	Low	}	PHO		۴.			
691.54 1005 1005 1005 1005	F.P. 250 F.P. 401 F.P. F.P. F.P. Nit S.	11/2	110 132p 514 111p 130p 12ppre 114 1004 1004 1004 187p 115p	484 105p 113p 10ppq 208 992, 992, 100	Amstackerth Pop C. Blast Crote Pape Cn Blast Crote Pape Cn Brit & Camm. 102-pc HCtygrose 7-bpc Cr Granada 7-5p Cm. Pr Morgan Cruchte 7-5 Word and Cruchte 7-5 Word Angle 3-bpc Do. 9-bpc 28-12-89 #Sharpe 8-Law 81-pc Williams Fred Raid	V. Curri, Re Un. Ln. 20 MR. Cov. R. 1	ed Pret 112 rd Pri Lin 20 r Cm R	11 19	111 129 1200 11	P.3 9.9 9.7 7.6 = 0	1
RIGHT	S OF	ERS									

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<u>. </u>	lesue Price p	Arotust Paid up	Latesz Remunc Date	14 High	187'88 Lustr	Slock	Closing Price	
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_	Assured & Dividend & Brosteecton	indexid as no yield i or other	id yveid "L bused ga adiscussion	Estimate Prospecto	d annually or piles - 1027	iree of slamp dray. Annualised distanced is see on part of cantal, cover based on distance and distances for 1966. N Dudend and a afficial estimates for 1966. N Dudend and 0 Grows. Forecast annualised distanced con- part feets figure. If specif to handle a Nil-	क्षा है। इस्त्री स्टेम्बर्स इस्त्री स्टिम्	N.

40pening urdex 1772.8; 10 am 1782.1; 11 am 1783.1; Noon 1783.4; 1 pm 1782.2; 2 pm 1781.8; 3 pm 1777.6; 3.30 pm 1776.2; 4 pm 1775.3

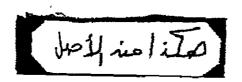
Year ago (approx Tha Jan 28 index No, iadex No. Cable & Wir (*351) 1.05 740.11 748.42 744.42 776.96
0.43 985.43 997.22 984.15 960.57
0.38 1480.28 1489.68 1479.43 1336.30
0.00 268.36 2078.54 2073.18 1942.46
6.09 1486.65 1517.70 1509.21 1735.87
0.19 388.19 390.66 389.98 441.40
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0.00 1288.11 1216.83 1288.22 1101.21
0.46 500.75 501.83 496.54 571.94
4.11 3493.93 3490.70 3484.41 3342.45
0.25 283.21 850.92 859.25 800.55
0.00 579.91 583.78 587.58 641.36
0.25 834.21 850.92 859.25 800.55
0.00 579.91 583.78 587.58 641.36
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0.61 1099.18 1104.09 1097.79 1235.28
0.80 1171.54 1181.05 1181.03 1137.45
0.80 1171.54 1181.05 1181.03 1137.45
0.80 1171.59 1172.85 1186.55 1225.26
0.76 929.05 937.38 932.11 953.06
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112 114 FT-SE 1600 177 185 index 1650 132 145 (*1775) 1700 492 115 1750 60 85 1800 38 63 1850 20 40 1900 11 25

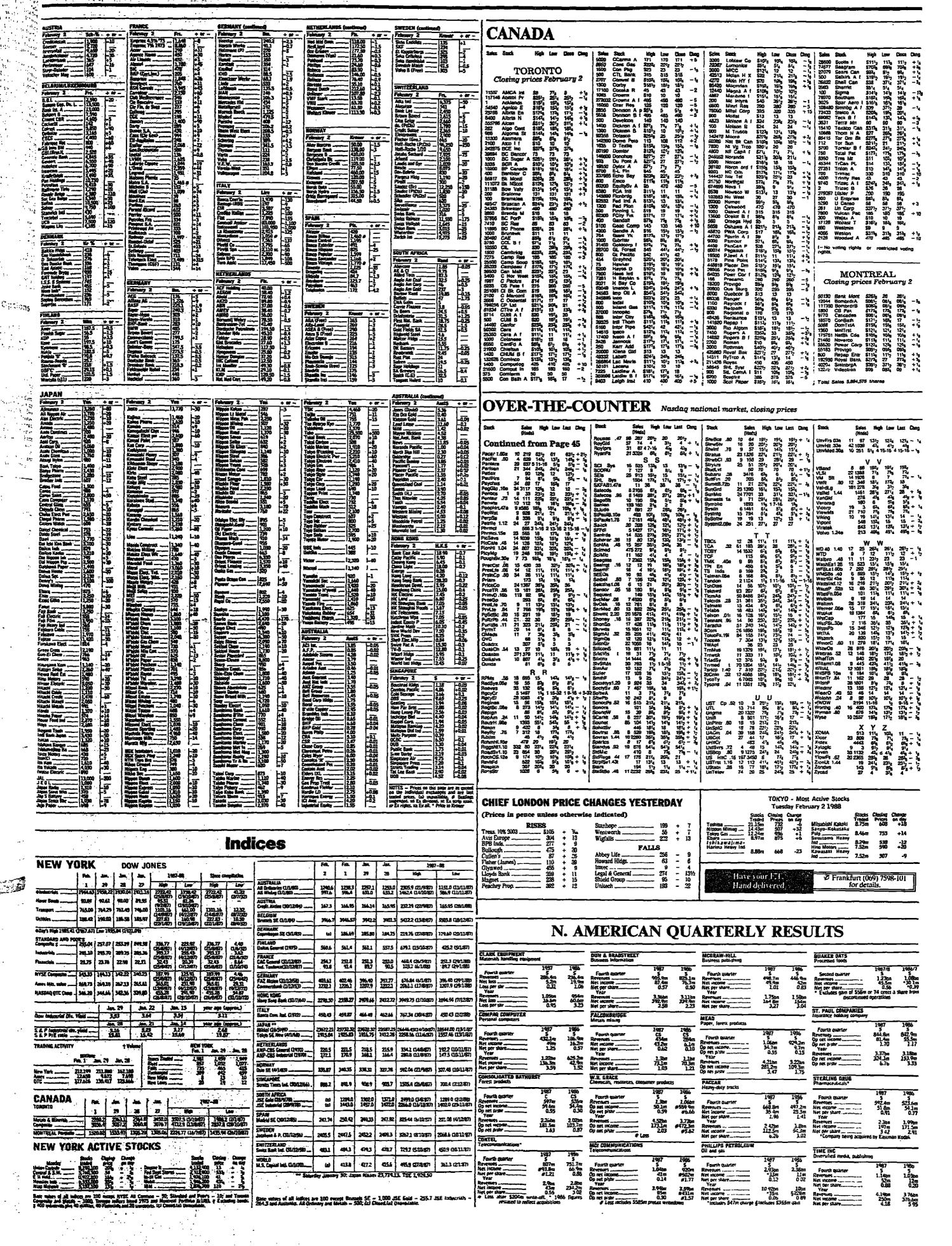
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WORLD STOCK MARKETS



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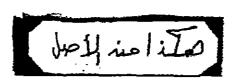
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AMERICA

Lethargic Dow finds little cheer in prime rate cut

Wall Street

A CUT in US banks' prime rate and a successful conclusion to the first day of the Treasury ment is expected to show no bond auction failed to shake change from December's 5.8 per Wall Street out of its lethargy, cent. But any rise in joblessness writes Anatole Kaletsky in New

The Dow Jones Industrial stock markets in sharply opposite of the day and falling one point in the morning as far as 23 points below the previous night's close. Trading volume was light with only 165m shares changing hands.

The biggest corporate event of the day was the management of the day was the management of the day was the management below the previous night's banking business abruptly displayed over disagreements about the strategic direction of the blue chip Wall Street firm.

Advancing issues outnum-Advancing issues outnumbered decliners by 846 to 667.

There was little or no reaction in the stock market to the 0.2 it was not surprising that the per cent decline in the index of leading indicators which the commerce Department the day was a \$16 a share tender of the news. The only major bid of the day was a \$16 a share tender of the news. The only major bid of the day was a \$16 a share tender of the news. The only major bid of the day was a \$16 a share tender of the news. The only major bid of the news.

But the quarter point cut in prime rates from 8.75 to 8.5 per cent was seized on initially as a

An early fall in index futures in Chicago set off some sell pro-grammes during the first hour of trading and this contributed to the fairly sharp early decline. In addition some trad-ers were troubled by the weakening of the dollar following by \$% to \$14%.

the prime cut. After lunch, however, equi-After lunch, however, equiresults yesterday, Pepsico rose ties took heart when it became \$1% to \$34%, after announcing apparent that the bond market was responding positively to the lower prime rate. As the Treasury long bond extended Earnings at Kemper, the Chi-Treasury long bond extended its recent rally and rose steadily throughout the morning, the stock market followed

at \$106 exactly, a price at which it yielded 8.32 percent.

The first day of the auction in which the Treasury was due to sell \$9.25bn of three-year SHARE PRICES in Toronto notes, was generally deemed to have been a success, with Japa-nese participation said to have been at a helathy level. However, most traders regard

the next two days of the anction, when medium and long-term maturities will be on the block, as far more crucial.

The composite index, which had fallen about 15 points in earlier trading, rose 9.60 to 150,000 as declines outpaced With little corporate news to advances by 468 to 362 on mod-trade on, attention in the stock erately quiet turnover of 22.1m market was already shifting shares.

market was already shifting beyond the Tressury auctions to focus on the December US trade figures, which are due out next Friday, February 12.

The fear is that a deficit sharply higher than the story ber could undermine the bond market gains which has been helping to sustain stock prices. The hope is that any evidence of the deficit stabilising would unleash a strong rally in both stocks and bonds.

Among golds, International Corona gained ½ to 37½, Echo Bay advanced ¾ to 23½ and Corona gained ½ to 37½, Echo Bay advanced ¾ to 23½ and Corona gained ½ to 37½, Echo Bay advanced ¾ to 23½ and Corona gained ½ to 37½, Echo Bay advanced ¾ to 23½ and Corona gained ½ to 37½, Echo Bay advanced ¾ to 23½ and Corona gained ½ to 37½, Echo Bay advanced ¾ to 23½ and Corona gained ½ to 37½, Echo Bay advanced ¾ to 23½ and Corona gained ½ to 37½, Echo Bay advanced ¾ to 23½ and Corona gained ½ to 37½, Echo Bay advanced ¾ to 23½ and Falconbridge gained ½ to 37½ and developed a new magnetic head for video cassette recorders

Ebara, a major machinery manufacturer, closed Y6 higher at Y875 after hitting Y882 on expectations of an increase in plant and equipment purchases. Sanyo-Kokusakn Pulp firmed Y14 to Y753 on strong earnings which has been the plant and equipment purchases. Sanyo-Kokusakn Pulp firmed Y14 to Y753 on strong earnings which posted good gains in new year trading, climbed Y78 to Y1,030.

In industrials, FAI ended 10 to turn-developed a new magnetic head for video cassette recorders

Ebara, a major machinery maxed after the 112-point plant and equipment purchases. Sanyo-Kokusakn Pulp firmed Y14 to Y753 on strong earnings which has been thelping to sustain stock prices.

Canyo-Kokusakn Pulp firmed Y14 to Y753 on strong earnings which has been thelping to sustain stock prices.

Canyo-Kokusakn Pulp firmed Y14 to Y753 on strong earnings which has been thelping to sustain stock prices.

Canyo-Kokusakn Pulp firmed Y14 to Y753 on strong earnings which has been the plant of Y1,030.

In industrial to 1,240.6 but turn-developed a

on Friday week, the market could be given some direction by next Friday's employment report. However, unemploy-ment is expected to show no rrites Anatole Kaletsky in New could send atrong signals of recession, pushing the bond and the Dow Jones Industrial stock markets in sharply oppo-

With investment banking Manhattan Industries by

Manhattan Industries, a leading fashion apparel manufac-turer which holds US licences cent was seized on initially as a selling signal by bearish traders, partly on disappointment for well-known brand names that the cut had not been bigger and partly because of the feeling that the banks' action, which was led by Morgan Guaranty, had already been fully discounted in market interest Burnham and Continental Illi-

nois, dropped \$4 to \$9%. Also on the bid front, Foster Wheeler, said it had agreed to talk with Mr Asher Edelman, the corporate raider who has been stalking it for several months, and saw its shares rise

Among companies reporting

cago insurance and fund man-agement firm, fell by 34 per cent to 77 cents in the fourth and managed to wipe out its duarter. Its shares dropped \$% earlier losses, rising as high as to \$23%. Great Northern 1,965 at one point.

The benchmark Treasury 3% jump in quarterly earnings to per cent 30-year bond rose 1½ \$1.04 a share, but its stock by the late afternoon, to stand at \$1.05 available.

Canada

recovered earlier losses to close higher in mixed trading as advances by golds, base metal issues and industrials pulled the market ahead.

SOUTH AFRICA

A MILD recovery in the bullion price vied with a vacillating financial rand to leave Johansburg shares mixed to firmer

after a confusing session.

Interest in gold shares ebbed and flowed as the financial rand, used by foreign investors in the South African market, started lower, picked up, then eased again to end at 35% US cents.

Among the golds, Vaal Reefs Rand of added R2 to R271 after falling SA Br to R263.50, Southvaal gained R4.50 to R119, Beatrix was 50 R7.20.

cents ahead at R13.50 and Kloof put on R1.50 to R31.

The mining financials saw a 50-cent gain to R46 for Anglo American and Gencor also put on 50 cents to R42.50.

In the rest of the mining sector, Impala Platinum gained R1.25 to R21.75 while De Beers was up 50 cents at R24.50.

Industrials were neglected

Industrials were neglected and tended lower, with Barlow

Rand down 15 cents at R19.85, SA Breweries off 40 cents at R16.50 and Sasol steady at Bob King reports on the impact of a smooth handover of power

Taiwan stocks cast fear aside

TAIWAN'S stock exchange yesterday continued an almost unbroken string of rises that began on January 14 - the day after the death of populist President Chiang Ching-kuo had sent the mar-ket plunging.

The weighted index yester-day climbed 72.14 points to 2,932.9, with every sector gaining by the government-set ceiling of three per cent.

Mr Daniel Chang, chief dealer at International Invest-ment Trust Co Ltd (IIT), Taiwan's first mutual fund, described the continued upward movement as natural, given the depressed state of the market during the last three months of last year and the resulting bargains that most shares represented for

But Mr Chang, like many other Taiwan market watch-ers, said the smooth transition of power to President Chiang's successor Mr Lee Teng-hui - as well as the absence of turmoil many Tai-wanese had feared would accompany Mr Chiang's death - helped to fuel bullish senti-

Mr Chiang and his auto-cratic father, Generalissimo Chiang Kai-shek, had ruled Taiwan since 1949, the year that the elder Chiang's Nationalist Government fled to this island after its defeat by the communists in the Chinese civil war. The lack of a

Taiwan

clear-cut, strong successor to the younger Mr Chiang had many clizens worried that turest, or even an attack by China, might follow his death. Immediately after-wards the index plunged wards, the index plunged 61.77, or 2.5 per cent.

January

1988

But as Mr Chang of IIT put it: "The bad news happened, and people figured no worse news could come." Indeed, many analysis had expected that turnover on the market would fall to almost nothing for several days following the amouncement of Mr Chiang's death. The rise, however, began after only one day. Trading volume nearly dou-bled to Taiwan \$7bn and con-

"The invisible hand was

ASIA

the relatively cheap stocks and expecting higher gains," he said. Financial shares have pro-

Financial shares have provided many of those gains. Indeed, financials, especially those of the three major commercial banks, account for around 38 per cent of the weighted index. When they rise, they tend to pull the rest of the market with them.

The banks' ahare prices now average about Taiwan \$230 each, compared with T\$400 before last October's correction, and retained earnings plus new capital injections from the market have reduced their price-earnings ratios, making their shares more attractive to the public.

The big question being The big question being asked by foreign investors is when the market will be opened to more direct participation by outsiders. The answer is clearly: not for some time. some time

Despite liberalisation and revisions of the securities exchange law, Taiwan's planners feel more needs to be done before foreigners will be allowed much more than indirect investment through four rect investment through four

mutual funds.

Mr Shen Pei-ling, Taiwan's
SEC commissioner, told the
Financial Times yesterday the
number of listed stocks would
first have to instead a between first have to increase beyond the current 130-odd, and much more would have to be done to improve the infra-structure and regulation of the securities industry.

operating. People were taking

Thin trading sees Nikkei succumb to profit-taking

yield on the 5.0 per cent gov-ernment bond due in December

1997 rose to 4.180 per cent against Monday's close of 4.130 per cent, but it was still much lower than the issue rate of

first time in five sessions on the

Osaka Securities Exchange,

Australia

A SPATE of bargain-hunting

cents ahead at A\$5 after announcing a 75.5 per cent rise in interim net profits.

Singapore

EXTENDING the previous day's

decline, share prices closed qui-etly lower over a broad front as investors continued to liquidate positions. The Straits Times industrial index lost 3.79 to 898 90

PROFIT-TAKING gathered pace in Tokyo yesterday as Wall Street's overnight decline and an absence of factors to encourant bond due in December are also buying tipped the Nikkei average lower for the first time in five sessions, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei ended 60.11 lower

some 4.3 per cent on three-month certificates of deposit. Equities turned lower for the at 23,672.21 on a volume of 496m shares, down from Monday's 638m. Declines outnumbered advances by 493 to 392, with 159 issues unchanged.

The market was lackdustre as institutional investment of the same and the same as institutional. with the OSE stock average sliding 126.11 to 23,883.47 on turnover of 87m shares.

institutional investors awaited news of the US quarterly refunding operations starting later in the day.

Major stocks in the high-tech

and large-capital sectors remained out of favour, while remained out of favour, while speculators continued to buy second-liners which had trailed last week's upsurge.

Among speculative stocks, Nippon Mining was actively traded and surged Y32 to Y507

On news the company had

Y1,030.

Toshiba remained at the top of the active list with 21.15m shares traded, reflecting demand for 1-negabit dynamic random access memory (D-Ram) chips. But it gave up Y6 to Y732 in profit-taking.

Large-capitals were aluggish. Ishikawajima-Harima Heavy Industries lost Y23 to Y668 and Kawasaki Heavy Industries Y9 to Y307. Mitsui Toatsu Chemicals, however, firmed Y4 to

cals, however, firmed Y4 to Y688 on light buying by investment trusts and companies.

In the high-tech sector, NEC posted a modest rise of Y10 to Y2,000, Matsushita Electric Industrial eased Y50 to Y2,220

News that Singapore would be dropped from the list of countries whose exports are favoured under the US Government's Generalised Scheme of Preferences continued to weigh on the market but the sell-off

and Hitschi gave up Y30 to Y1,230. Nippon Telegraph and Telephone (NTT) improved Y10,000 to Y2.31m.

pointed the way lower as share prices dropped in very thin trading. The Hang Seng index fell 59.77 to 2,298.50 as buyers avoided the trading floor.

was more orderly and restrained than the previous

Hong Kong

UTILITIES and properties

Rothmans of Malaysia dropped 50 cents to S\$6, DBS Bank shed 25 to S\$9.65 and Singapore Press was down 10 cents at \$\$7.20.

investors sidelined.

The Commerzbank index rose
6.0 to 1,232.1 and the FAZ clos-6.0 to 1,232.1 and the FAZ closing index added 1.15 to 403.61.
Cars were dented by the weaker dollar and heavy profit-taking after the previous day's gains. BMW lost DM5 to DM485, Daimler Benz gave up DM3.50 to DM547.50 and Porsche fell DM12 to DM408. futures markets.

sche fell DM12 to DM408.

Siemens, which announced a slight fell in first quarter profits, eased DM3.50 to DM341.50. Banks were narrowly mixed.

Bonds eased and the Bundesbank bought DM66.6m after selling DM154.3m on Monday.

ZURICH slipped quietly lower as the tentative two-day unburn petered out after the

Europe yesterday as the dol-lar's weaker start and Mon-

day's disappointing showing on Wall Street spoiled fragile con-

fidence, prompting cautious investors to take profits in gen-

erally quiet trading.

FRANKFURT ended mixed after late buying in a thin market pulled stocks off earlier lows. Uncertainty over the dol-

lar's near-term prospects trig-gered profit-taking and kept

upturn petered out after the dollar eased. The Crédit Suisse index shed 2.1 to 415.8, reflecting generally modest falls, although selected blue chips firmed.

Among industrials, Brown Boveri rose SFrb to SFr1.615 while Georg Fischer lost SFr20 to SFr665 on profit-taking after the previous deries.

the previous day's rise on higher 1987 sales figures. BRUSSELS moved higher in

hesitant trading while the mar-ket continued to wait for a deci-sion by the Belgian banking company is offering to buy all commission on Mr Carlo De the shares of its marketing unit

EUROPE

Still fragile confidence

UK BONDS moved up in line with the US bond market yesterday following the American prime rate cuts. Equities, on the other hand, were subdued in quiet London trading following Monday's rise in UK bank base

What gains there were in leading shares evaporated in the run-up to Wall Street's lower opening and the FT-SE 100 index closed 2.5 lower at 1,774.2.

Bonds closed with longer dated issues up by about % of a point, led by the

Benedetti's public offer for a Benedetti's public offer for a further 15 per cent in Société Générale de Belgique.

With the focus on Société Générale, the market was little moved by a 0.10 percentage point cut in Treasury bill rates to 6.25 per cent, the fifth cut in just over a month.

Low trypover in Réserve Low turnover in Réserve

depressed activity elsewhere although the share rose BFr50 to BFr3,340. In other holdings, Sofina added BFr25 to BFr10,500, but GBL dipped BFr30 to BFr2,520. Banks and chemicals ended narrowly mixed.

PARIS climbed in active trad-

ing, boosted by signs that long-term US interest rates may decline. The CAC index advanced 2.9 to 254.7

dented by weaker dollar by the weaker dollar and a lower Wall Street which led to some late profit-taking. The ANP-CBS index essed 1.0 to

220.5.
Blue chips were all lower.
Akso lost 50 cents to F1 89.80, Philips was down 60 cents at Fi 29.10 and Royal Dutch gave up Fi 3.80 to Fi 212.60 after amouncing retail price rises for

gasoline.

MADRID retreated in quiet, uninspired trading. All sectors showed moderate losses and the general index closed 2.68 points lower at 247.74.

STOCKHOLM continued to the decreed lower by the transpired to the decreed lower by the transpired to the decreed lower by the transpired lower lower by the transpired lower lower lower by the transpired lower lower

be dragged lower by the two-week-old strike by white collar workers which has brought many industrial concerns to a standstill. The Affaersvaeridan general index lost 6.8 to 739.1. Electrolus, which announced an 18 per cent rise in 1987 profits after the close, slipped SKrI to SKr216. Blue chip engineerings posted losses between SKr2 and SKr5.

between SKr2 and SKr5.
OSLO was taken lower by
Monday's news that Norsk Data
saw its 1987 pre-tax profits
halved and by a gloomy report
on the Norwegian economy produced by the Central Burean of
Statistics. The all-share index
dropped 1.74 to 255.57 in thin
trading.
Norsk Data A lost NKr7, or
5.6 per cent, to NKr55 while
the B shares fell NKr2.50 to
NKr52, pulling other industrials

NKr52, pulling other industrials

with a lower bias in very quiet trading. The Unitas all-share index was 0.1 per cent lower at 560.6.

Milan sell-off forces suspensions

TRADING of shares within the Perruzzi-Montedison huge group was suspended on the Milan bourse yesterday after angry investors unloaded stocks for the second day, writes our Markets Staff.
The sell-off was a reaction to

and interest services down 1951.

The rest of the market was holding company. Ferruzzi Finanziaria. Montedison owns 64 The MIB index dropped 9.44, or per cent of Meta and its share-holders will be offered 15 Ferruzzi Finanziaria shares for vetti lost L139 to L7,890, Olivery four of Meta.

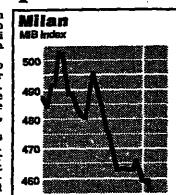
view they have been sold an unknown entity and want to know the valuation of Ferruzzi Finanziaria, which is not a quoted company.

Shares within the group plummeted by more than 10 per

ne sell-off was a reaction to plans for a major restructuring, involving the absorption of Iniziativa Meta, Montedison's last quoted price was L1,050, down L125, while meta's last price was L3,000, down L951.

The rest of the market was last of the mar

every four of Meta. Generali dropped Li,100 to Shareholders are taking the L83,000.



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CREDIBLE

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FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co.
Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	}	TUESDAY FEBRUARY 2 1988				MONE	ay Februai	RY 1 1988	BOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
Australia (93)	96.90	+0.6	81.17	90,54	5.00	96.32	81.20	90.31	180.81	85.36	101.93
Austria (16)	87.50	+0.1	73.29	76.61	2.74	87.43	73.71	76,80	102.87	85.53	97.32
Belgium (48) Canada (127) Denmark (38)	106.71	+1.4	89.38	92,76	5.33	105.24	88.72	91.87	134.89	94.63	105.72
Canada (127)	108.87	+0.2	91.19	100.51	3.18	108.61	91.57	100.23	141.78	98.15	114.77
Denmark (38)	113.75	40.0	95.28	99.71	2.97	113.79	95.94	100.25	124.83	98.18	123.36
Finland (23) France (123) West Germany (94) Hong Kong (46)	108.12	-0.9	90.56	93.03	1.83	109.05	91.94	93.99		! -	I -
France (123)	75.24	+26	63.03	66.98	4.46	73.35	61.84	65.61	121.82	12.77	111.74
West Germany (94)	68.79	+1.0	57.62 73.52	60.13	3.07	68.14	57.45	59.92	104.93	67.78	91.36
Hong Kong (46)	87.78	-21	73.52	87.89	5.99	89.61	75.55	89.74	158,68	73.92	102.95
Ireland (14)	113.66	0.5	95.21	101.40	4,48	114.18	96.26	102.31	160,22	93.50	114.60
Ireland (14) Island (14) Japan (457) Malaysia (36) Mexico (14) Netherland (37) New Zealand (24) Norway (24) Singapore (26) South Africa (61) Spain (43) Sweden (34) Switzerland (53) Utbed (Kinorlon (390)	68.17	-1.4	57.20	63.00	3.05	69.13	58.29	64.28	11211	68.17	101.67
Japan (457)	148.70	+0.5	124.55	120.45	0.58	147.94	124.73	120.96	161.28	100.00	116.56
Malaysia (36)	135.52	-13	96.76	11414	3.27	117.10	98.72	115.54	193.64	93.76	118.06
Mexico (14)	124.01	-0.1	103.87	307.24	[1.16	124.08	104.61	307.27	422.59	90.07	120.37
Netherland (37)	97.64	-11	81.78	64.18	5.35	98.73	83.24	85.59	131.41	87.70	104,22
New Zealand (24)	70.24	-28	58.83	55.94	5.87	72.26	60.92 86.27	57.76	138.99	70.24	89.01
Norway (24)	101.61	-0.7	85.11	88.09	3.10	102.32	86.27	88.89	185.01	95.51	109.82
Singapore (26)	102.58	-11	85.93	95.70	2.53	103.75	87.47	96.72	174.28	81.21	109.63
South Africa (61)	125.12	+4.4	104,81	77.05	5.41	119.84	101.04	76.49	198.09	100.00	112.49
Spain (43)	135.24	-0.7	113.28	116.74	3.49	136.14	114.78	118.20	168.81	100.00	119,22
Sweden (34)	105.45	~0.5	88.33	94.29	2.65	106.02	89.38	95.19	136.64	88.50	98.01 100.12 112.90
Switzerland (53)	77.63	+0.1	65.03	66.03	2.52 4.31	77.57	65.40	66.43	111.11	73.65	100.12
United Kingdom (329) USA (587)		+0.5	108.76	108.76	4.31	129.20	108.92	108.92	162.87	99.65	112.90
USA (587)	104.40	+0.2	87.44	104.40	3.60	104.21	87.86	104.21	137.42	91.21	113.85
Europe (970) Pacific Basin (682)	99.40	+0.4	83.26	85.58	3,98	98.98	83.45	85.73	130.02	92.25	105.79
Oseific Barin (482)	144.33	+0.5	120.90	118.01	0.80	143.68	121.14	118.53	158.77	100.00	115.43
Euro-Pacific (1652)	126.38	+0.4	105.86	105,07	1.81	125.82	106.08	105.45	143.65	100.00	111.60
North America (714)	104.63	+0.2	87.64	104,19	3.58	104.44	88.06	104.00	137.55	91.68	113.90
France En (IV I&A1)		+0.4	67.48	70,94	3.65	80.27	67.68	73.08	111.97	78.89	95.41
Europe Ex. UK (641) Pacific Ex. Japan (225)	91.75	-0.7	76.85	86.66	5.20	92.37	77,88	87.42	164.03	82.92	101.17 111.73
World Ex. US (1854)	125.77	+0.5	105.34	104.73	1.89	125,37	105,53	105.08	143.38	100.00	111.73
World Ex. UK (2112)	116.28	+0.4	97.39	104.14	2.27	115.86	97.68	104.30	138.82	100.00	112.53
World Fx. So. Al. (2380)		+0.3	98.36	104.76	2.45	117.02	98.66	104.93	139.47	100.00	112.57
World Ex. Japan (1984)	102.52	+0,3	85.87	96.63	3.79	102.23	86.19	96.60	134.22	92.98	110.67
The Mind (min (2007)	717.49	404	98.40	104 57	2.47	117.04	98.67	104.73	139.73	100.00	112.56

Base values: Det 31, 1986 = 100; Finland: Dec 31, 1987 = 115,037 (US 5 Index), 90.791 (Pound Sterling) and 94,94 (Local). Copyright: The Financial Times, Goldman, Sachs & Co., Ward Mackende & Co., Ltd.1987